

No 9331.11.315

Ms. 29-33



GIVEN BY

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

HEARINGS

BEFORE THE

SELECT COMMITTEE

ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

EIGHTY-FIFTH CONGRESS

SECOND SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH CONGRESS

MARCH 21, JULY 8, 9, 10, AND 11, 1958

PART 33

Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field



INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

HEARINGS

BEFORE THE

SELECT COMMITTEE

ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

EIGHTY-FIFTH CONGRESS

SECOND SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH CONGRESS

MARCH 21, JULY 8, 9, 10, AND 11, 1958

PART 33

Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1958

SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR
OR MANAGEMENT FIELD

JOHN L. McCLELLAN, Arkansas, *Chairman*

IRVING M. IVES, New York, *Vice Chairman*

JOHN F. KENNEDY, Massachusetts

SAM J. ERVIN, JR., North Carolina

FRANK CHURCH, Idaho

KARL E. MUNDT, South Dakota

BARRY GOLDWATER, Arizona

CARL T. CURTIS, Nebraska

ROBERT F. KENNEDY, *Chief Counsel*

RUTH YOUNG WATT, *Chief Clerk*

CONTENTS

THE RESTAURANT INDUSTRY IN THE CHICAGO AREA

(HOTEL AND RESTAURANT EMPLOYEES AND BARTENDERS INTERNATIONAL UNION)

	Page
Appendix.....	12855
Testimony of—	
Accardo, Anthony J.....	12782
Battaglia, Sam.....	12774
Butler, George.....	12519
Caifano, Marshall.....	12802
Carson, Chris.....	12637, 12648
Cerone, Jack.....	12809
Champagne, Anthony V.....	12499, 12840
DiVarco, Joseph.....	12809
Duffy, LaVern J.....	12797
Duffy, William.....	12730
English, Sam.....	12846
Esrig, Sheldon.....	12622
Gotsch, Gerald.....	12559, 12568, 12646, 12665
Greenfield, Robert S.....	12745
Gutgsell, Ralph J.....	12679
Johnson, Leslie A.....	12615
Kelly, James P.....	12527, 12536, 12583, 12606
Kerr, William H.....	12587
Marienthal, George.....	12666
Marquis, Clifton.....	12824
Marquis, Donald.....	12824
McCann, John.....	12548, 12562
Morris, Lt. Joseph.....	12730
Mundie, James F.....	12702
Peterson, Virgil W.....	12510, 12531, 12536, 12539, 12546
Prio, Ross.....	12809
Reade, Edward Harold.....	12689, 12705
Romano, Louis.....	12593, 12606
Rupeich, John.....	12563, 12568
Schimeal, Frances.....	12584
Schwimmer, Harold.....	12624
Smith, Sidney.....	12654
Strang, Donald W.....	12572
Teitelbaum, Abraham.....	12714, 12721

EXHIBITS

	Introduced on page	Appears on page
13. Letter of resignation dated June 14, 1954, to Chicago Restaurant Association, attention Don Kiesau, from Anthony V. Champagne.....	12506	(*)
13A. Application for charter of affiliation to the Hotel and Restaurant Employees and Bartenders International Union, for local 658, dated March 7, 1950.....	12527	12855
14. Criminal record of Claude Maddox, a/k/a John Edward Moore.....	12536	(*)
15. Application for charter of affiliation with the Hotel and Restaurant Employees and Beverage Dispensers International Alliance, for local 450, dated August 12, 1935, Cicero, Ill.....	12537	12856

* May be found in the files of the select committee.

EXHIBITS—Continued

	Introduced on page	Appears on page
16. Check No. 546, dated June 11, 1952, payable to Abraham Teitelbaum in the amount of \$2,240, drawn by Bar-Don Corp.....	12579	12857
17. Membership ledger for Howard Johnson's Restaurant, June 1952, listing 40 employees as members of the union.....	12583	(*)
18. Cashier's check No. 156853, dated March 25, 1958, payable to Gerard R. Pucci in the amount of \$500....	12607	12858
18A. Application for exchange in the amount of \$500, dated March 25, 1958, showing Gerard R. Pucci as applicant.....	12608	12859
19. Letter dated May 1, 1952, addressed to Mr. A. Teitelbaum, signed by George E. Marienthal.....	12669	12860
20. Compilation made by James Mundie of expenses of the Nantucket Restaurant.....	12703	(*)
21. Crime Commission of Chicago report on Mr. Greenfield..	12761	(*)
22. Pictures of Mr. Accardo and Mr. Giancana.....	12785	(*)
23. Picture of 6 men; Paul Ricca, Sylvester Agoglia, Charles Lucania, Meyer Lansky, John Senna, Harry Brown....	12790	(*)
23A. Picture of 6 men: Eugene Cacciatore, John Miraglia, Albert Tomasello, Emil Jancer, James Mirro, and Ned Bakes.....	12790	(*)
24. Picture of Marshall Caifano and Sam Battaglia.....	12805	(*)
25. Picture of Ross Prio and Libby Nuccio.....	12817	(*)
26. Picture of Sam Hunt, Tony Accardo, and Sam English..	12847	(*)
Proceedings of—		
March 21, 1958.....		12499
July 8, 1958.....		12509
July 9, 1958.....		12593
July 10, 1958.....		12679
July 11, 1958.....		12773

*May be found in the files of the select committee

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, MARCH 21, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 1:40 p. m., pursuant to Senate Resolution 221, agreed to January 29, 1958, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska. Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; James Mundie, investigator; Ruth Young Watt, chief clerk.

AFTERNOON SESSION—1:40 P. M.

(At the convening of the hearing, the following members were present: Senators McClellan, Curtis, Mundt.)

The CHAIRMAN. The committee will come to order.

The witness we will call at this time is Anthony V. Champagne.

(At this point, the following members were present: Senators McClellan, Mundt, and Curtis.)

The CHAIRMAN. You will be sworn, please. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CHAMPAGNE. I do.

TESTIMONY OF ANTHONY V. CHAMPAGNE, ACCOMPANIED BY COUNSEL, CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. CHAMPAGNE. My name is Anthony V. Champagne. I reside at 1501 Bonnie Brae, River Forest, Ill. I am an attorney at law, duly licensed to practice in the State of Illinois.

The CHAIRMAN. All right, sir. Do you have counsel present to represent you, also?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. Counsel, identify yourself for the record, please.

Mr. ALLDER. My name is Clifford Alder, a member of the bar of Washington, D. C.; my local office is at 401 Third Street NW.

Mr. CHAIRMAN. Thank you very much.

Mr. Champagne, I hand you a document and ask you to examine it and state what it is, and if you received a copy of this document, if it was served on you.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. This is the subpoena that was served on me on Monday of this week.

The CHAIRMAN. On Monday of this week, the subpoena that you have, a copy of it was served on you?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. Thank you very much. The subpoena in full will be printed in the record at this point.

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

L-3026

To ANTHONY V. CHAMPAGNE, 5679 West Madison Street, Chicago, Ill., Greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, on forthwith, 195—, at — o'clock — m., at their committee room, 101 Senate Office Building, Washington, D. C., then and there to testify what you may know relative to the subject matters under consideration by said committee, and produce your personal and business records for the period 1950 to present. See schedule A on reverse side.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To James F. Mundie to serve and return.

Given under my hand, by order of the committee, this 14th day of March, in the year of our Lord one thousand nine hundred and fifty-eight.

JOHN L. MCCLELLAN,

Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.

Production of these records in Washington, D. C., will be waived at this time if they are made available in Chicago, Ill.

SCHEDULE A

Bank accounts (checking and savings).

Deposit tickets.

Brokerage accounts.

Bank statements.

Canceled checks.

Check stubs.

Records of securities and other assets purchased and liquidated during period 1950 to present.

Correspondence file relating to bank accounts, savings and checking, and other assets.

Also all correspondence from or to Chicago Restaurant Association.

MARCH 17, 1958.

I made service of the within subpoena by hand, the within-named Anthony V. Champagne at room 206, 5679 West Madison, Chicago, Ill., at 4:20 o'clock p. m., on the 17th day of March 1958.

JAMES F. MUNDIE.

The CHAIRMAN. The subpoena from this committee directs you to appear forthwith before the committee in room 101, Senate Office Building, Washington, D. C., and then and there to testify on what you may know relative to the subject matter under consideration

by said committee, and produce your personal and business records for the period 1950 to the present.

See schedule A on reverse side.

On the reverse side, schedule A refers to bank accounts, checking and savings, deposit tickets, brokerage accounts, bank statements, canceled checks; check stubs; record of securities and other assets purchased and liquidated during the period 1950 to present; correspondence file relating to bank accounts; savings, checks, and other assets; also correspondence from or to Chicago Restaurant Association.

Mr. Counsel, before I proceed further, will you make a statement for the record as to the subject matter that this committee is inquiring into and to which this subpoena is related, and to which we anticipate the testimony of the witness will be related?

Mr. KENNEDY. Mr. Chairman, we are making a study in Chicago as well as elsewhere regarding the activities of various employer associations. We are looking into the relationship of certain employer associations with various labor unions, and the employment of attorneys for the purpose of settling labor disputes and labor difficulties by unusual methods. We are looking into the infiltration—

The CHAIRMAN. Methods, you mean, that might be regarded as improper practices in connection with labor-management relations?

Mr. KENNEDY. That is correct. And we are looking into the employment or use of gangsters or hoodlums for the purpose of settling labor difficulties and for bringing labor peace. We are looking into shakedowns and also collusive arrangements between certain dishonest management and dishonest labor.

The CHAIRMAN. In other words, where there may be the possibility that these matters were being handled by attorneys employed for that purpose, and where the character of people that you have referred to are employed or used for improper labor practices?

Mr. KENNEDY. That is correct.

The CHAIRMAN. All right, Mr. Champagne, you acknowledge that you received the subpoena; that it was served on you. According to the return it shows it was served on the 17th day of March 1958. I believe you say it was served on you last Monday.

Mr. KENNEDY. That is correct.

The CHAIRMAN. I believe that is the correct date. Have you responded to the subpoena?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. What is your response to it?

Mr. CHAMPAGNE. I have the records called for in the subpoena.

The CHAIRMAN. In the first place, you appear here in response to it.

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. In the first place, you have appeared in person in response to the subpoena and you are now present.

Mr. CHAMPAGNE. I appear in person.

The CHAIRMAN. With respect to the documents that you were directed to deliver by the subpoena, I will ask you: Do you have those documents, the bank accounts, deposit tickets, brokerage accounts, bank statements, canceled checks, check stubs, record of securities, and other assets purchased and liquidated during the period 1950 to the present, correspondence file relating to bank accounts, saving and checking and other assets, also all correspondence from or to Chicago Restaurant Association?

Have you complied with the subpoena by bringing to the committee the documents and the items that I have referred to here in schedule A of the subpoena?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. You have all those records present?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. All of them?

Mr. CHAMPAGNE. All that I have.

The CHAIRMAN. I assume you have a copy of the subpoena before you. I think I read the subpoena in full. If I overlooked anything, I am referring to all called for by the subpoena. Do you have them physically present—all of such records as called for there that you have?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. Which of those records do you not have?

Mr. CHAMPAGNE. I have them all.

The CHAIRMAN. You have them all. So there is no question about there being some missing, then. You have all of them physically present here?

Mr. CHAMPAGNE. That is correct.

The CHAIRMAN. Are you ready to comply with the order and deliver them to the subpoena?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. No.

The CHAIRMAN. You refuse?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. You refuse to deliver them to the subpoena?

(The witness conferred with his counsel.)

The CHAIRMAN. The Chair now with the approval of the committee orders and directs you to immediately deliver these documents to the committee.

(The witness conferred with his counsel.)

The CHAIRMAN. Do you refuse?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. I refuse with one exception, Mr. Chairman, the exception being that under the Constitution of the United States, and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

I am ready to produce and turn over to this committee the correspondence—

The CHAIRMAN. The what?

Mr. CHAMPAGNE. The correspondence between myself and the Chicago Restaurant Association.

The CHAIRMAN. That is the only one you are willing to comply with of the items listed in schedule A? That is the last item there on "Also all correspondence from or to the Chicago Restaurant Association."

Is that the only order and directive with respect to these documents, records, and so forth that you are willing to comply with?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. On the others, you positively refuse, taking the position that to disclose them would be testimony against yourself?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. And that such testimony, if submitted to the committee, or given by you, might tend to incriminate you?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. Is that your position?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. Do you honestly believe under oath that if you submitted such documents to the committee, these documents here called for, these records here called for, that you are now declining to submit, that the records called for and the information revealed therein by them, might tend to incriminate you?

Mr. CHAMPAGNE. I do.

The CHAIRMAN. You honestly believe that?

Mr. CHAMPAGNE. I honestly and sincerely believe it.

The CHAIRMAN. Well, you would know better than I. Are there any further questions?

Mr. KENNEDY. Mr. Chairman, I might just ask Mr. Champagne if we have the correct facts about his tieup. Do you know anything about the Chicago Restaurant Association?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. According to the information that we have, you were employed by the Chicago Restaurant Association, between the period of September 1953 and July 1954; is that correct?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. And that when you were in private practice, before you went to the association, you were making approximately \$10,000 a year in private practice.

Is that correct?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. I refuse to answer under the terms of the Constitution of the United States and all of its amendments, including the fifth amendment, because my answer might tend to incriminate me and I refuse to be a witness against myself.

Mr. KENNEDY. And then when you went with the Chicago Restaurant Association, you were being paid a salary of approximately \$10,000 a month, is that correct?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. And then you resigned in July 1954 from this post which paid you \$10,000 a month, because you said you had to get back to your other clients?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. Weren't you in fact hired in order to settle an important strike of a large restaurant chain in Chicago, Ill.

Mr. CHAMPAGNE. Under the terms and amendments of the Constitution of the United States, including the fifth amendment, I decline to answer, because my answer might tend to incriminate me, and I refuse to be a witness—

Mr. KENNEDY. And wasn't it felt that because of your association with certain of the underworld in Chicago, Ill., that you could settle the strike?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. Do you know Tony Accardo?

Mr. CHAMPAGNE. Under the terms of the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. Aren't you a close associate of Tony Accardo, Vincent Insierro, who is also called the Saint, and Mooney Giacanna?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. And didn't you hire an assistant to help you in this job, a man by the name of Sam English, who has been arrested approximately eight times?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

(At this point, Senator Curtis withdrew from the hearing room.)

Mr. KENNEDY. And he has been convicted of burglary, has he not, and he has associations with Bill Ardarcio, Olie Frabotta, and Anthony DeRosa?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. Did you pass any of the money that you received on to any individual, any of the money that you received from the Chicago Restaurant Association?

Did you pass that on to anyone?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

Mr. KENNEDY. Mr. Chairman, we have a good deal more information on this matter, and we will be going into it rather extensively and have the witnesses from the Chicago Restaurant Association as

well as from the restaurant chain that was involved in this particular strike.

But I would like to say that the strike was settled satisfactorily to the restaurant chain.

The CHAIRMAN. I believe you stated under oath that you have present all of the records the subpoena calls for, you have them physically present?

(At this point, Senator Curtis entered the hearing room.)

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. Will you show them to us? Let's see the bulk of them.

(The witness complied with the question of the chairman.)

The CHAIRMAN. You have, in that briefcase, those records?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. Will you take them out and lay them on the table?

Mr. ALLDER. That was some of his traveling equipment, Senator.

The CHAIRMAN. I assume that was his toilet kit. That may be placed back in the briefcase. Just a moment. Just put the kit back.

Mr. ALLDER. Excuse me. I had already put that back. I didn't understand you.

The CHAIRMAN. I said it was all right to put it back.

(The witness conferred with his counsel.)

The CHAIRMAN. Mr. Witness, your counsel has laid out before you there what looks like some 4, 5, or 6 packages, or folders, presumably of records and so forth; is that correct?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. Does that constitute, what is now on the table before your counsel and to your left, just in front of your left hand, do those 2 packages or those 2 piles of documents contain all of the documents called for by schedule A of this subpoena?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. Do you mean to say that the documents on your left contain all of your bank accounts, deposit tickets, brokerage accounts, bank statements, canceled checks, check stubs, record of securities and other assets purchased, and liquidated during the period 1950 to the present, correspondence file relating to bank accounts, savings, checking, and other assets?

Does that stack of documents there in front of your counsel constitute all that the subpoena calls for, which I have just read, and do you say that is all of the records during that period of time?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. Since 1950?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. Then you, obviously, do a lot of your business by cash, do you not?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment—excuse me.

The CHAIRMAN. I believe we would like to hear it.

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

The CHAIRMAN. What documents do you have now before you that you are willing to turn over to the committee?

Mr. CHAMPAGNE. The correspondence between myself and the Chicago Restaurant Association.

The CHAIRMAN. Will you now deliver that to the clerk of the committee?

Mr. CHAMPAGNE. I will.

(The documents were handed to the clerk.)

The CHAIRMAN. Thank you very much. You still decline to deliver the other documents to the committee?

Mr. CHAMPAGNE. Yes.

The CHAIRMAN. Let me ask you: Are you a member of any bar association?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Yes, Mr. Chairman.

The CHAIRMAN. What bar association?

Mr. CHAMPAGNE. The Chicago Bar Association.

The CHAIRMAN. The Chicago Bar Association? All the Chair wanted to know—I don't know what they will do about it, but, you know, the labor unions have passed a code of ethics, the AFL-CIO, and I remember one of their codes is that those who take the fifth amendment regarding matters relating to their unions and so forth are ineligible—well, in other words, that practice is condemned by their ethical code.

I am going to watch, with a little interest, the attitude of a bar association with respect to its members. Being a member of the profession myself, I know often the bar is unjustly criticized. But I think that, in a case like this, in an instance that you present here now, it is something that the public will look toward with some concern, and a bit of curiosity, to know what will be the reaction of the bar association when one of its members finds it necessary to invoke the fifth amendment regarding the business transactions.

Are there any other questions?

May I present to you now a photostatic copy of a letter? I ask you to examine it and state if you identify it?

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Have you examined the document, the photostatic copy of the letter the Chair presented to you?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. Do you identify it?

(The witness conferred with his counsel.)

The WITNESS. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

The CHAIRMAN. This photostatic copy may be made exhibit No. 13, for reference (and may be found in the files of the select committee), so as to give background information as to the matter about which the witness has been interrogated, and about which he will now be interrogated.

I have before me a photostatic copy of a letter on the stationery of Anthony V. Champagne, attorney at law, 5679 West Madison Street, Chicago 44, Ill.

The letter is dated June 14, 1954, addressed to Chicago Restaurant Association, 7 South Dearborn Street, Chicago, Ill., attention Mr. Don Kiesau, executive vice president.

GENTLEMEN: I hereby submit my resignation as an attorney for your association and its members, effective July 1, 1954. It would be appreciated if you would advise the officers of the association and each of your members of my resignation, as such. I wish to acknowledge the pleasant relationship which I have enjoyed with you, personally, the officers and directors, as well as the individual members who have sought my counsel during my tenure as their attorney. It has become apparent to me that the responsibilities and decisions to be made in behalf of your association and its members require the full time and attention of myself or any other person in order to completely and competently solve the many issues which arise. As you know, I have been practicing law for the past 25 years, and am confronted with many legal problems and decisions to be made in behalf of my clientele, all of which require considerable time and effort on my part. In view of the established practices which I have enjoyed for many years, I feel it my duty to continue serving these clients without interruption.

Again assuring you that it has been a pleasure to be of service to your splendid organization, I remain, sincerely yours—

and it appears to be signed "Anthony V. Champagne."

Mr. Champagne, is that your signature on this letter?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

(At this point, the following members were present: Senators McClellan, Mundt, and Curtis.)

The CHAIRMAN. Did you write this letter?

Mr. CHAMPAGNE. Under the terms of the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

The CHAIRMAN. Do you deny this as your signature? I believe I asked you that. We will pass that one.

At the time that you resigned here, were you receiving from \$100,000 to \$120,000 a year from this association?

Mr. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

The CHAIRMAN. Would you care to tell the committee the real reason why you resigned?

Mr. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

The CHAIRMAN. Mr. Champagne, you can well appreciate, being a lawyer, I think, the Chair need not go to much trouble to admonish you or to suggest to you that you realize that you can anticipate that the committee is going to have some evidence along these lines. We are going to get some testimony about it, and it will come and it will be produced. Now, would you care to make any explanation of this matter, to help the committee, and in your own interest?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

The CHAIRMAN. All right; Mr. Champagne, before you leave the stand, the Chair orders and directs you to deliver the records referred to in this schedule A, which you have so far declined and refused to deliver. Do you comply or do you refuse to comply?

Mr. CHAMPAGNE. I refuse.

The CHAIRMAN. You will remain under the same subpoena, subject to being recalled by the committee at any time. Accepting that recognition, the Chair will let you go at this time if you agree to reappear without further subpoena at such time as the committee may desire your presence, by giving you reasonable notice.

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. I have one other thing I wish to admonish you about. These documents, you have not delivered them, are under subpoena, and any destruction of them, being a lawyer, I think you can appreciate might bring you within contempt of the United States Senate.

Mr. CHAMPAGNE. I understand.

The CHAIRMAN. You may stand aside.

(Whereupon, at 2:10 p. m., the committee adjourned, subject to call of the Chair.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, JULY 8, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; John J. McGovern, assistant counsel; LaVern J. Duffy, investigator; James P. Kelly, investigator; James Mundie, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the opening of the session were: Senators McClellan, Church, and Curtis.)

The CHAIRMAN. The Chair will make a brief opening statement. Today we are beginning an investigation into the labor-management affairs of the restaurant industry in Chicago, Ill.

We expect to inquire into.

(1) Whether groups of employers banded together for the purposes of destroying legitimate unionization.

(2) Whether collusive deals were made between dishonest management and dishonest union officials.

(3) Whether gangsters or hoodlums were employed by an association of employers to keep out unionization or to handle their labor relations.

(4) Whether certain union officials have been or are presently in the control of the criminal syndicate in Chicago.

During these hearings, which will run probably for 2 weeks, we expect to develop the fact that, in arrangements of the types mentioned above, the needs and interests of the employees are completely ignored. Unions exist for the purpose of helping and assisting the employees or workers.

However, where union officials ignore their trust and become interested only in money, where you have employers interested only in keeping down their costs, no matter what may be the hardship that they impose on their employees, you have a situation that is a perversion of the whole idea of proper and legitimate labor-management relations.

Such situations need to be exposed and, where possible, Congress must act to insure that they do not continue.

I would like to say that throughout this whole investigation we have had the complete cooperation and invaluable assistance of Mayor Richard Daly of the city of Chicago. As in New York, where District Attorney Frank Hogan and Police Commissioner Stephen Kennedy were of such assistance, in Chicago Mayor Daly and those under him have been of great help in furnishing to the committee background information and other assistance in its investigation. The committee is very grateful, for without this aid the investigation would have been far more difficult.

I want to emphasize the value of assistance given the committee from time to time by local officials. Where they cooperate with us we are able to get the information and follow up leads and develop the facts much easier than where they are indifferent to our labors and to our mission, or where they provide some passive resistance to our efforts.

It is always gratifying when we have that cooperation from local authorities who are responsible for law enforcement in their areas.

All right, Mr. Kennedy, will you call the first witness?

Mr. KENNEDY. Mr. Virgil Peterson, Mr. Chairman, who is the operating director of the Chicago Crime Commission.

The CHAIRMAN. Will you be sworn, please?

Do you solemnly swear that the evidence, given before this Senate select committee, shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PETERSON. I do.

TESTIMONY OF VIRGIL W. PETERSON

The CHAIRMAN. Mr. Peterson, state your name, and your place of residence, and your profession or occupation.

Mr. PETERSON. My name is Virgil W. Peterson, I am the operating director of the Chicago Crime Commission, 79 West Monroe, Chicago.

The CHAIRMAN. Thank you. How long have you been in that position?

Mr. PETERSON. Since April 1, 1942, a little over 16 years.

The CHAIRMAN. You waive counsel, of course, Mr. Peterson?

Mr. PETERSON. Yes, sir.

The CHAIRMAN. Thank you. The Chair overlooked asking, and I apologize for not asking any other member of the committee if they had any comment.

Senator CURTIS. I have no comment, Mr. Chairman.

Senator CHURCH. I had no comments, Mr. Chairman.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Chairman, in the course of the investigation that we have been making in Chicago, we have had great assistance also from Mr. Peterson, who is acknowledged I think throughout the United States as one of the foremost authorities in the field we are inquiring into. We have called Mr. Peterson to give some background information regarding some of the individuals in whom we have an interest. I would like to start out by asking Mr. Peterson if he has any information indicating that the old Capone group out of Chicago was interested in moving into any of the labor unions or into legitimate business during the 1920's and 1930's.

Of course, Mr. Chairman, this is a continuation of what we were inquiring into last week when we asked similar questions of other individuals from other sections of the country.

Mr. PETERSON. Definitely, we have such information.

Mr. KENNEDY. When did it start, Mr. Peterson?

Mr. PETERSON. A number of years ago. For example, in 1940 the crime commission at that time, together with other officials of the Chicago Association of Commerce and the employers' association, went to the mayor of the city of Chicago at that time, Edward J. Kelly, and also to the State's attorney and advised them or we urged them to take action to prevent this infiltration of notorious Capone hoodlums into the labor field.

Following a conference that we had at that time—and I say “we,” I was not with the commission at that time, but our president, Mr. Kohn, was.

Mr. KENNEDY. How long have you been with the commission?

Mr. PETERSON. Since 1942, and this was in 1940, the time I am speaking of.

Mr. KENNEDY. Your testimony is based on the records of the crime commission?

Mr. PETERSON. Yes, sir.

Mr. KENNEDY. What had you been doing prior to the time you came with the commission?

Mr. PETERSON. Prior to that time I was with the FBI from 1930 until 1942. In a short time, and only a few days later, the Chicago police then conducted raids on certain unions that it considered dominated by Frank Nitti and the Capone gang.

Mr. KENNEDY. Who is Frank Nitti, and how do you spell his name?

Mr. PETERSON. N-i-t-t-i. He was the successor to Al Capone as the leader of the Capone syndicate or gang in Chicago.

Mr. KENNEDY. Was he also known as “The Enforcer”?

Mr. PETERSON. Frank “The Enforcer” Nitti.

Mr. KENNEDY. What does that term mean, “The Enforcer”?

Mr. PETERSON. I think it is rather self-explanatory. He was a vicious hoodlum and he enforced demands through violence and that sort of thing.

Mr. KENNEDY. Was he known as “The Enforcer” for the Capone mob?

Mr. PETERSON. Yes, and he was commonly known as Frank “The Enforcer” Nitti, that is right.

Mr. KENNEDY. And the Chicago Police Department then moved in on some of the unions that they believed were dominated and controlled by people and individuals such as Frank Nitti, is that right?

Mr. PETERSON. Yes, and in fact on August 12, 1940, the Chicago police raided the headquarters of local 593 of the Hotel, Apartment Employees and Miscellaneous Workers Union at 10 North Wells Street, in Chicago. They seized 2 officers, or 3 officers at the union headquarters who were James Blakely, then secretary-treasurer of local 593, and a pal of Danny Stanton, a well-known Capone gangster, and in fact Blakely is still secretary-treasurer of local 593 and a vice president of the international union.

Mr. KENNEDY. That is B-l-a-k-e-l-y?

Mr. PETERSON. Yes, and they also seized a man by the name of John Lardino, a business agent of that union, who also was very close to a number of Capone hoodlums, and another business agent by the name of Mike Mikley.

A writ of habeas corpus was filed in connection with the seizure of the records and arrests of those individuals on that occasion, and Police Officer Frank O. Sullivan in return to the writ stated that these men were wanted in connection with an investigation then being conducted by the Chicago Police Department into labor terrorism in Chicago.

Mr. KENNEDY. Now, you stated earlier that Blakely was a friend of Danny Stanton?

Mr. PETERSON. Yes.

Mr. KENNEDY. Who was Danny Stanton?

Mr. PETERSON. Danny Stanton was a notorious Capone gangster, and he was engaged in gambling activities, particularly on the South Side, and he was also considered a power in a number of the unions in Chicago. He was later killed in gang warfare.

Mr. KENNEDY. When was he killed?

Mr. PETERSON. May 12, 1943. I think I can give you the exact date.

Mr. KENNEDY. It was 1943?

Mr. PETERSON. It was May 5, 1943, and he was slain in a tavern at 6500 South May Street.

Mr. KENNEDY. Now, prior to that, there had been some information indicating that the Capone groups were moving into some unions?

Mr. PETERSON. Oh, yes.

Mr. KENNEDY. They had in 1929 and 1930 moved in on some of the teamsters locals, had they not?

Mr. PETERSON. And the building trades unions, and as a matter of fact in the building trades there were special grand juries and investigations in the early 1920's, and in fact during those times there were a number of prosecutions at that time. As I recall the former president of the Chicago Crime Commission, Frank Lesh, was a special prosecutor in connection with some of those cases.

Mr. KENNEDY. There had been a number of killings of union officials?

Mr. PETERSON. Yes.

Senator CURTIS. Excuse me, but I would like to ask a question right there. Why do these hoodlums—some of them are gangsters and murderers and gamblers and extortionists and all sorts of bad actors—why did they select unions as the field of exploitation?

Mr. PETERSON. Well, when they are able to dominate a particular union, it is, as I think will be shown in these hearings, a tremendously lucrative operation for the hoodlums themselves.

Senator CURTIS. By "lucrative," where do they get their money?

Mr. PETERSON. Well, with reference to the income of the union itself.

Senator CURTIS. The checkoff of dues?

Mr. PETERSON. The dues from the employees, and, as a matter of fact, during the period that Mr. Kennedy was inquiring about, in the 1920's, for example, in the building trades, they weren't interested in the welfare of the employees, of course, but they had these contracts with penalty clauses in them if they didn't complete the contract by a certain time.

Well, a racketeer would go to a contractor and say in substance, "Well, if you give me \$20,000 or \$30,000 or \$50,000, we won't call a strike; and if you don't give me the \$50,000 we will call a strike."

A number of the racketeers made tremendous incomes during that period through those means.

Senator CURTIS. In other words, it appealed to them as a lucrative proposition first to get their hands on the treasury of the union because of the checkoff and the compulsion that men must pay to continue to work, and another source of income was that it gave them an opportunity for extortion and blackmail and that sort of thing.

Mr. PETERSON. That is right. And there have been instances that I don't think you are going into this morning—take in the jukebox field, where controlling a union enables monopolistic practices on the part of those with whom they may be in collusion.

Senator CURTIS. I think one of the most important things brought out by this committee in the months of its work has been that the laws of our land are such in reference to unions that it invites hoodlums and the wrong sort of people to come in. The law permits unions to be run from the top. We have seen that over and over again. The law does nothing about the grievances of individual union members so far as, by and large, getting any relief through court action.

The law grants a certain cloak of respectability and immunities to unions both as a matter of law and as a matter of practice. The unions' practice of blocking a sidewalk or street goes unnoticed and it puts a weapon in the hand of the wrong type of people to harass, intimidate, and extort, and slow up, and do those other things. We have the helpless situation of union members and their inability to withdraw from the union without losing their job.

I think that we are going to have to strive for those laws that will free the union member and no longer make it profitable for hoodlums to get in.

That is all. I am sorry for the interruption, Mr. Chairman, and that is all I have at this time.

The CHAIRMAN. All right, we will proceed.

(At this point, the following members were present: Senators McClellan, Church, and Curtis.)

Mr. KENNEDY. You stated that Blakely was a good friend of Danny Stanton, and he was arrested, and also Mr. John Lardino. Can you give us any more of the background of some of these individuals, for instance Mr. Blakely?

Mr. PETERSON. Yes.

Mr. KENNEDY. Was he tied in with any of the other of the Capone group?

Mr. PETERSON. Well, his principal connections at that time were, as I understand it, with Danny Stanton.

You asked for background information. We have an observer's report from 1930, relating to an indictment returned against Danny Stanton for carrying concealed weapons. In that particular case, a police officer, William Drewry, who has since been killed, testified that at 2 p. m. on December 16, 1929, he saw Danny Stanton and James Blakely on the northeast corner of Randolph and Clark Streets; he arrested them. He went over to Danny Stanton, and in his overcoat

he found a revolver loaded with dum-dum bullets, and he placed them both in a taxicab and drove them to the police station.

While they were en route to the police station, Stanton told, according to Drewry's testimony told Blakely, he said, "Remember that they found this gun on the floor of the taxicab.

"That is our out."

Well, apparently the court believed that testimony also, because they returned a verdict of not guilty in connection with the particular case. But Blakely has been arrested on two or three different occasions. On another occasion he was arrested by Lt. George Barnes for abusive language and that sort of thing in connection with an election of Local 88 of the Cooks and Pastry Workers' Union.

Mr. KENNEDY. He still has this position with the union, does he not?

Mr. PETERSON. Yes; that is right.

Mr. KENNEDY. Isn't that the largest hotel employees' union in the Chicago area, 593?

Mr. PETERSON. That is right.

Mr. KENNEDY. What about Mr. Lardino? Do you have any background on him?

Mr. PETERSON. Yes. During the latter part of 1956 the Crime Commission received information that a number of individuals, that was as late as 1956, had recently stepped into places of somewhat importance as aids to Tony Arcardo, the head of the Capone syndicate.

Among those mentioned in this capacity was John Lardino. From a number of other individuals mentioned by these same sources of information, we know that to be true.

Lardino's record goes back, as far as the police records are concerned, a number of years, over 30 years, to be exact. Our observer's report of October 3, 1927, relates to an indictment, indictment No. 44028, charging Lardino with robbery, together with 3 other individuals, Joseph Castalenti, Mide Reggri, and Sam DeCesera.

These men all had prior records and he was placed on probation, as I recall, in that particular case. In fact, the police records show that on June 9, 1927, Lardino was sentenced to 6 months in the house of correction on vagrancy charges, and on October 14, 1927, he was placed on probation for robbery, which was reduced to petit larceny. On October 7, 1927, he was arrested under the name of Edward Nardi, No. C-69840, and was arrested on suspicion and for investigation. Again on March 14, 1948, he was arrested by the Chicago police, by the detective bureau, Sergeant Pape, and company.

Mr. KENNEDY. Have you found that he has been a companion or a contact with a number of the well-known gangsters in the Chicago area?

Mr. PETERSON. Definitely. As a matter of fact, you might have some interest in this: On May 30, 1955, Louis "Little New York" Campagna, who was one of the leading Capone syndicate gangsters in Chicago, and who, as you may know, was convicted in the movie extortion case a number of years ago, together with Paul Ricca, Charles Joey, Phil DeAndre, Nick Deane, and a number of others.

Mr. KENNEDY. Little New York, he was called?

Mr. PETERSON. Yes. On May 30, 1955, Campagna died on a boat off the coast of Florida. His body was returned to Chicago, and there was a wake in John Rago's Funeral Parlor on South Harlem

Avenue. At this wake we had such syndicate hoodlums as Joe Aiuppa, Sam Giancana, Jack Cerone, Willie Alosio, Ralph Pierce, James Emory, Frank LaPorte, John Lardino, Tony Accardo, Murray Humphreys, Rocco Fischetti, Joe Glimco, Claude Maddox, Sam Battaglia.

He drove a car to the wake with 1955 license plates 745-748, issued to John Lardino, 10 North Wells Street, Chicago, which is the address of local 593.

Mr. KENNEDY. Who are these other individuals that you mentioned?

Mr. PETERSON. They are all notorious hoodlums. Tony Accardo undoubtedly is the successor to Frank Nitti as head of the Capone gang, particularly since Paul Ricca has been under wraps somewhat with reference to denaturalization proceedings and the extortion case. Murray Humphreys, Rocco Fischetti, all of those individuals, they are well-known Chicago Capone syndicate hoodlums.

Mr. KENNEDY. And John Lardino was in their company at that time?

Mr. PETERSON. That is right.

Mr. KENNEDY. Didn't his brother Danny Lardino control one of those hotel and restaurant employees' unions in the Chicago area?

Mr. PETERSON. Yes. He was head of Local 658 of the Drugstore, Fountain, and Luncheonette Employees' Union, which also has an address of 10 North Wells Street.

Mr. KENNEDY. That is local 658?

Mr. PETERSON. Local 658. From 1950 through 1957, he was in that capacity. In January 1958, local 658 merged with local 593, and Daniel Lardino is now a business agent in local 593.

Mr. KENNEDY. 593 is the one that belongs to John Lardino?

Mr. PETERSON. That is correct.

Mr. KENNEDY. And 658 merged with them?

Mr. PETERSON. That is right.

Mr. KENNEDY. Rather than head of local 658, he then became just business agent for 593?

Mr. PETERSON. Yes.

Mr. KENNEDY. Would you tell us a little about Danny Lardino?

Mr. PETERSON. Well, Daniel Lardino has a criminal record. On August 18, 1944, he was arrested as a burglary suspect by Officers McGuire, Daley, Hall, and Ward, of the detective bureau, as Dan Lardino, No. D-27863. On October 5, 1944, he was sentenced to 90 days in the house of correction on a malicious mischief charge and a plea of guilty before Judge Ward, and as Daniel Lardino he was arrested July 16, 1950, for investigation by Officers Megan and company.

Mr. KENNEDY. Did you ever receive any reports from the Chicago Crime Commission regarding Danny Lardino's activities in the labor field in the Chicago area?

Mr. PETERSON. Yes. In September 1950, we received information based on a complaint of a number of druggists on the North and West Sides of Chicago. At that time, they were subjected to certain violence tactics, and they appealed to us to try to get at that time the Senate committee, the Kefauver committee, to investigate what they called racket unions, which were preying on them.

In fact, I wrote a letter to the counsel for the whole Kefauver committee at that time, suggesting that they look into this matter. Included in the complaint was local 658, 10 North Wells Street, Chicago, and the union officials complained of were Daniel Lardino and Henry C. Roberts. The complaint alleged that these union officials had instituted picketing and violence, that windows of drugstores had been mysteriously broken, and intimidating telephone calls had been received by the wives of druggists, suggesting death to their husbands. This activity centered, as I said, largely on the North and Northwest Sides of Chicago. Business agents representing one or more of the unions complained of would visit a druggist, suggest that he place his employees in the union, pay initiation fees and dues, and it was claimed that if he would pay \$20 a month he would thereafter remain absolutely unmolested, that is, on each employee, by the union.

It was also claimed to us, reported to us, that a number of the druggists were paying off in this fashion.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis?

Senator CURTIS. You identified that union by number, I believe. That dealt with the druggists. What kind of a union was it?

Mr. PETERSON. Well, it was the Drugstore, Fountain, and Luncheonette Employees' Union. It took in that type of employee.

Senator CURTIS. I would like to have this background information. In the course of the years that you have had to deal with this problem and other problems in this Chicago area, you have become familiar with many of these things. I would like to know what unions in the Chicago area have been infiltrated by the criminal elements. I am not asking that specific locals be named by number, but what occupations?

What are the principal ones?

Mr. PETERSON. Well, that would cover a pretty wide field. Certainly the Taxicab Drivers' Union, headed by Joey Glimco. You have had certainly, the activities in the jukebox field with the Electrical Workers' Union. There have been just innumerable cases of that.

Senator CURTIS. I think it is important that this senatorial committee have somewhat of a detailed list on that. You have mentioned the hotel workers, the restaurant and hotel workers.

The CHAIRMAN. Would it be well to let him submit us that list?

Mr. PETERSON. I will be glad to do that.

The CHAIRMAN. Some of them are presently under investigation by the committee.

Senator CURTIS. Did you also mention the building trades?

Mr. PETERSON. Yes. In time gone by. I don't recall right offhand whether that situation prevails right at the moment or not.

Senator CURTIS. Following the chairman's suggestion, I think it would be very fine if you would submit in writing a detailed answer to my question.

Mr. PETERSON. I will be glad to.

Senator CURTIS. It will show the extent of the problem, and we can also follow through and see what the international unions have done about it.

The CHAIRMAN. Your statement will be submitted under oath, so that at such time as the committee may desire, it may be made a part of the committee's record.

Senator CURTIS. In that connection, I have one further question. As a matter of public opinion, is it pretty well accepted around Chicago that a number of the unions are dominated by criminal elements?

Mr. PETERSON. I am sure that is true, yes. In fact, I think you would find if you talked to many rank-and-file members of the unions themselves they would be of the same impression, many times, and there have been instances where there has been a feeling of hopelessness on the part of many of the members.

Senator CURTIS. I am sure that is true. I am sure you have rendered an invaluable public service in the work you have carried on.

That confirms what I hear, too. Many rank-and-file members feel that our present laws permit too much regulation from the top, and they feel hopeless.

Mr. PETERSON. Wherever you have gangster infiltration, whether it be in the labor-union fields or in the legitimate business field, hoodlums still remain hoodlums, they still know only one law and that is the law of the jungle.

That is the way they operate, that is, if they are in positions of importance, whether it is in unions or business. They are interested, of course, in maintaining monopolies for the benefit of the hoodlums. They are not interested in the welfare of the individuals whom they are supposedly representing.

Senator CURTIS. And they gravitate to those activities where there is money and power and monopoly?

Mr. PETERSON. Wherever there is money, where there is easy money. In other words, the "fast buck," so to speak, that is what your hoodlum elements are always interested in.

Senator CURTIS. That is all, Mr. Chairman.

Senator CHURCH. Mr. Chairman?

The CHAIRMAN. Senator Church.

Senator CHURCH. Mr. Peterson, returning to the testimony that you were giving, you were commencing to make a case against local 593. You had mentioned two of the officials, James Blakely and John Lardino, and had mentioned the fact that each had criminal records. You also mentioned Danny Lardino, who was once president of local 658, which later merged with this same union, local 593. Can you tell me, in order that I can better follow your testimony, what connection these officers of local 593 had, if any, with Frank Nitti, "the Enforcer," the successor to Al Capone?

Mr. PETERSON. Well, as I mentioned before, Blakely for example was a friend of Danny Stanton. It was the common understanding of the police in 1940, which I will go into a little bit later, in connection with the bartenders union and that sort of thing, but there were a number of unions which were taken over by the so-called Capone syndicate, headed by Frank "the Enforcer" Nitti, and this was one of them that the police at that time were confident was in that particular category, particularly in view of the relationship of Lardino and Blakely with some of the Capone hoodlums.

Senator CHURCH. Tell me, what kind of jurisdiction did local 593 have? That is to say, did it include waiters or chefs?

Mr. PETERSON. In the city of Chicago. You had another local that covered the suburban areas.

Senator CHURCH. Can you give me an idea about the size or scope of its activities?

Mr. PETERSON. I did have those figures, I think in the memorandum that I prepared. It went into several thousand of employees.

Mr. KENNEDY. I think there are about 10,000.

Senator CHURCH. About 10,000 employees. It would cover, then, a great many separate restaurants in Chicago.

Mr. PETERSON. Yes.

Senator CHURCH. And it operated within suburban Chicago?

Mr. PETERSON. No. It operated primarily within the city limits of Chicago.

Senator CHURCH. Within urban Chicago?

Mr. PETERSON. Yes, that is right.

Mr. KENNEDY. Just on what we have been discussing, you did not mean to say or imply that all of the unions in the Chicago area are controlled by gangsters.

Mr. PETERSON. Oh, my, no. No.

Mr. KENNEDY. Actually, in some cases, some instances, they are a minority of unions, are they not?

Mr. PETERSON. Yes. The same thing would apply—I don't want to generalize to that extent. In other words, you have a number of hoodlums that are in legitimate businesses, but that does not mean that they control all legitimate businesses.

Senator CHURCH. I think we have to be careful to make that distinction. Just because hoodlums get into business does not mean we should indict business, and just because hoodlums get into labor does not mean we should indict labor.

Mr. PETERSON. I would agree with that a hundred percent. Even those that they have infiltrated into, that is no indictment of labor itself; that is an indictment of the individuals who have been successful in taking over those particular unions.

Mr. KENNEDY. Have you found in your experience that one of the great problems in breaking this control is the failure of businessmen to cooperate with the law-enforcement officials?

Mr. PETERSON. Yes. You see, whenever hoodlums get into any activity of that kind, then, of course, there is fear, intimidation, and it is in many instances apparently just easier to go along than it is to fight it.

Mr. KENNEDY. Also, we have found in our investigation, there is collusion that exists. Often businessmen can find that by making this deal with gangsters or hoodlums, they can keep competitors out. Have you found that also?

Mr. PETERSON. Well, I have heard that.

Mr. KENNEDY. Mr. Chairman, we were talking about Danny Lardino. He controlled local 658, which had up to 1,000 members. When they merged with local 593 it had only approximately 400 workers, but he had complete control and dominion of the local and the individuals in the local. Mr. Peterson has given some background information on Mr. Lardino, but we have another witness who will give some more background information on him. For that reason, I would like to have Mr. Peterson step aside and call Lieutenant Butler.

The CHAIRMAN. Lieutenant, you do solemnly swear the evidence you shall give before the Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BUTLER. I do.

TESTIMONY OF GEORGE BUTLER

The CHAIRMAN. State your name, your place of residence.

Mr. BUTLER. George Butler, Dallas, Tex.; police officer.

The CHAIRMAN. How long have you been a police officer?

Mr. BUTLER. 22 years.

The CHAIRMAN. What is your rank?

Mr. BUTLER. Lieutenant of detectives.

The CHAIRMAN. That is in Chicago?

Mr. BUTLER. Dallas, Tex.

The CHAIRMAN. Dallas, Tex.?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. Do you waive counsel?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Lieutenant, were you with the intelligence division of the Dallas Police Department for a period of time?

Mr. BUTLER. No, sir; it was not called the intelligence division then.

Mr. KENNEDY. What was it called at that time?

Mr. BUTLER. Just special assignments detail.

Mr. KENNEDY. Were you working on the racketeers and gangsters? Was that your specific assignment?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. Are you on that assignment at the present time?

Mr. BUTLER. No, sir.

Mr. KENNEDY. How long have you been not working on that?

Mr. BUTLER. I have been assigned to juvenile work for the past 3 years.

Mr. KENNEDY. But prior to that you were an expert in the field of racketeers and gangsters; is that right?

Mr. BUTLER. Well, that is——

Mr. KENNEDY. Well, you had worked on it; hadn't you?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. And for the last 3 years you have been working on juveniles?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. You were transferred into this juvenile work?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. Did you find in the mid-1940's that there was a group of gangsters that came from Chicago to try to take over the rackets in the city of Dallas and that area?

Mr. BUTLER. That is right, sir.

Mr. KENNEDY. Could you tell the committee what you found in the course of your investigation and some of the individuals that were involved, and what they were trying to do?

Mr. BUTLER. Well, in 1946, or 1945, there had been a change in administration in Dallas. The gang that ordinarily operated down there was run out, which left the gambling field and racket field wide

open. These boys from Chicago came in, looked the situation over, and decided that they wanted to take over not only Dallas but the whole State of Texas and the Southwest.

Mr. KENNEDY. Who were some of the people that came in? Can you tell us that?

Mr. BUTLER. The first man that came down that we got information about was Paul Roland Jones.

Mr. KENNEDY. Who was Paul Roland Jones?

Mr. BUTLER. He is a con man. He has been handled for murder. He has been handled for narcotics.

Mr. KENNEDY. He has been handled?

Mr. BUTLER. Well, he has been sent to the penitentiary for murder. That is a term we use in police work, handled.

Mr. KENNEDY. He was convicted for murder; was he not?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. And for narcotics?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. And he had been pardoned on the murder charge?

Mr. BUTLER. That is right.

Mr. KENNEDY. Out of a penitentiary in Kansas, was it?

Mr. BUTLER. That is right, sir.

Mr. KENNEDY. And he had come down to Dallas. Had he come originally from Chicago? Had he been associated with the gangsters there?

Mr. BUTLER. He had been associated with the Chicago people in black-market operations and counterfeit ration-stamp deals and things of that character during the war years.

Mr. KENNEDY. Will you tell us what happened after that?

Mr. BUTLER. He came down and put in a liquor store with the thought in mind of taking over the bootleg whisky running into Oklahoma, the adjoining dry State. We got onto him, and he sold his liquor store. Then a man named Marcus Lipsky—

Mr. KENNEDY. Who is Marcus Lipsky?

Mr. BUTLER. He was a man from the Chicago area who we later found to have developed some milk unions there in the milk industry for the Capone people.

Mr. KENNEDY. Was he also a well-known gangster in Chicago?

Mr. BUTLER. Well, I had never heard of him prior to that. He was a supersalesman type of person, high pressure, a con man, a very smooth operator. He could mix in any company, with all kinds of people.

He came down and got with Jones. They made a survey of Dallas and estimated that the rackets there would pay around \$18 million a year. He goes back to Chicago and wants to get those people to O. K. him. By that he indicated that they would back him up financially, and with any manpower he may need should he run into resistance on this new enterprise that they had in mind.

Lipsky wanted the whisky, he wanted the gambling, he wanted the slot machines, the coin machines, and he wanted the whole business, not only in Dallas but all of the Southwest.

Mr. KENNEDY. What other States were specifically included in what they were going to take over?

Mr. BUTLER. They took over coin machine and amusement companies in Texas, Louisiana, and Arkansas.

Mr. KENNEDY. They were going to take over Arkansas, also?

Mr. BUTLER. Yes, sir; they were operating in Fort Smith, Ark., a slot-machine and jukebox route up there which was very lucrative.

Mr. KENNEDY. This was not just slot machines, but it was these pin-ball machines and, generally, coin-operated machines?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. You say he went up to Chicago to see if he could get this operation financed?

Mr. BUTLER. Yes, sir. He made arrangements through a man known as Nick DeJohn. DeJohn, according to our investigation, was an arbitrator or acted as the judge in any disputes in the Capone gang at that time. When he O. K.'d Lipsky and the boys up there put up the money for Lipsky to come into Texas and the Southwest, Nick DeJohn, in effect, served to guarantee the return of that money should anything happen. A little later on it developed that a gang war was about to break loose down there between Lipsky, who had brought in—

Mr. KENNEDY. Who did Lipsky bring into Texas with him?

Mr. BUTLER. He brought Danny Lardino. Paul Labriola.

Mr. KENNEDY. Who was Danny Lardino? Did you find out anything about him, what his background had been?

Mr. BUTLER. Lardino had been associated, we found out, with the Capone interests for some time, and they sent him down here on a dual purpose: One, to keep track of Lipsky, and watch how he was running the show, and the other, of course, as a bodyguard to Lipsky.

Mr. KENNEDY. Was he known as a strong-arm man?

Mr. BUTLER. He was known as a bodyguard down there; yes, sir.

Mr. KENNEDY. Who were the other individuals?

Mr. BUTLER. Labriola.

Mr. KENNEDY. What was Labriola? Would you spell his name?

Mr. BUTLER. L-a-b-r-i-o-l-a; the first name is Paul.

Mr. KENNEDY. Did he have a nickname?

Mr. BUTLER. Needlenose; yes, sir.

Mr. KENNEDY. Needlenose?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. Paul "Needlenose" Labriola?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. Who was the other?

Mr. BUTLER. James Weinberg.

Mr. KENNEDY. Mr. Chairman, Labriola and Weinberg played very important roles in the investigation as it continues, and it is of considerable interest that they were down in Dallas, Tex., during this period of time, with Nick DeJohn and with Danny Lardino. They will play extremely important roles in our investigation.

Mr. BUTLER. Another member of that goon squad was "Marty the Ox," whose real name was, I believe, Martin Ochs. He was a well-known Chicago hoodlum. In all, there were about 20 members of that mob that came down into Dallas.

Mr. KENNEDY. Did they set up this operation?

Mr. BUTLER. They set up the operation; yes, sir.

Mr. KENNEDY. Where did they live when they arrived there?

Mr. BUTLER. Well, at that time, hotel space was at a premium, and they could not stay anywhere over 5 days at a time. They were stay-

ing at the Whitmore Hotel, and they stayed at a place called the Scott Hotel. Then there was a man named Sam Yaras.

Mr. KENNEDY. How do you spell his name?

Mr. BUTLER. Y-a-r-a-s, from Chicago. He had an apartment there. Occasionally, they stayed with him.

Mr. KENNEDY. Is he the brother of Dave Yaras?

Mr. BUTLER. That is right, sir.

Mr. KENNEDY. Mr. Chairman, we have already had testimony about Dave Yaras in connection with taking over of certain unions in the Miami area at the present time, and that he has also moved in, I believe, in some gambling in Cuba, has he not? Do you have information along those lines?

Mr. BUTLER. That is my understanding; yes, sir.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I would like to ask, Mr. Butler, did hoodlums and criminals move in and, if so, did they have any measure of success in infiltrating unions in the Dallas area?

Mr. BUTLER. No, sir; I would not think so.

Senator CURTIS. Did they have any success in moving into unions anywhere in Texas?

Mr. BUTLER. No, sir.

Senator CURTIS. Why didn't they.

Mr. BUTLER. Well, at that time, the gambling business was appealing to them more than anything else.

Senator CURTIS. What year was this?

Mr. BUTLER. 1945 and 1946.

Senator CURTIS. Have the criminal elements, such as described by the previous witness, Mr. Peterson—and you heard his testimony—have they at any time since been successful in moving into unions in Texas?

Mr. BUTLER. Not that I know of, sir.

Senator CURTIS. Apparently, not on any large scale?

Mr. BUTLER. That is right.

Senator CURTIS. Why is it?

Mr. BUTLER. Well, maybe it is the breed of men down there. They resent somebody trying to tell them what to do. There have been some fights from time to time. Somebody might start something and one of those Texas boys would peal his head with a club or something; so, so far, they have not had enough on the ball to get started.

Senator CURTIS. And Texas does not permit compulsory unionism, do they?

Mr. BUTLER. That is my understanding; that is right.

Senator CURTIS. That is all, Mr. Chairman.

Mr. KENNEDY. Did they appear to have a great deal of money when they were down there?

Mr. BUTLER. Who is that?

Mr. KENNEDY. This group that moved in; did they appear to have a great deal of money?

Mr. BUTLER. Yes, sir; they had unlimited.

Mr. KENNEDY. For instance, Weinberg and Labriola; did they give any occupation?

Mr. BUTLER. Well, they claimed to be clerks at the San Jacinto liquor store, which was run by this mob, but actually, they were living in a hotel suite at that time that cost them around \$30 a day.

Mr. KENNEDY. Would you tell us how it developed then, or what occurred?

Mr. BUTLER. Well, when this pending trouble began to materialize between the Dallas group and this outside group—

Mr. KENNEDY. Was there any suggestion by this outside group as to how they were going to handle the Dallas group?

Mr. BUTLER. Yes, sir. Lipsky's idea was to kill the four top gamblers in the Dallas area, put their bodies in a stolen car, and park the car alongside the police department, and let everybody know how tough he was, and that he would not stand for any foolishness down there.

Mr. KENNEDY. Was that plan opposed by some of the other people?

Mr. BUTLER. Yes, sir. Jones thought this was a foolish move. He gets on the phone and calls Nick DeJohn and tells him what Lipsky is up to, and he suggests that he get Danny Lardino, Weinberg, Labriola, and Marty the Ox out of Texas.

Mr. KENNEDY. If any killing was to be done, it was to be done by this group, Labriola, Weinberg, Danny Lardino, and the Ox?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. And he suggested to Nick DeJohn, who was financing this whole operation, that he get the four individuals out of Texas back to Chicago?

Mr. BUTLER. John told Jones that he would have John call Danny back to Chicago.

Mr. KENNEDY. John Lardino?

Mr. BUTLER. John Lardino. And which was done. We did, about the same time, or just a few days after that instant, the police department rounded up possibly 20 of these characters and discouraged them as much as possible. So they liquidated their interest and got out of the State for a while.

Mr. KENNEDY. Were they also running down into Mexico?

Mr. BUTLER. Some of that equipment that they bought to operate in Texas they did move into Mexico. They set up a gambling deal down there.

Mr. KENNEDY. With pinballs and jukeboxes?

Mr. BUTLER. Yes, sir. And they also had a big crapgame down there. They had made a fix with some official. They ran into a little trouble there. Some of the politicians that were not in on the fix give them a big check for chips, lose \$15 or \$20 and cash the rest of the chips in and stick the money in their pockets. Of course, the chips weren't any good.

Mr. KENNEDY. Was it Jones' idea, rather than to kill this other group, that he could make some deal down there with the officials?

Mr. BUTLER. Jones wanted to make a fix, and he tried to make a fix with the elected sheriff, Steve Guthrie. During this time, we conducted an extensive investigation into the whole setup, and, as a result of that, we got Jones trapped and a man named Pat Mano, from Chicago, supposedly the fifth member of that group, who was going to bankroll Jones in his operation there. Incidentally, when the group effort fizzled out as far as Lipsky was concerned, they lost a good deal

of money. Nick DeJohn was called on to make this guaranty of his stand up, and he couldn't produce the money. We knew several weeks ahead of time that he was going to get killed. They finally did kill him.

Mr. KENNEDY. Where did they kill him?

Mr. BUTLER. He was finally located in San Francisco.

Mr. KENNEDY. How did they kill him?

Mr. BUTLER. They tied a wire around his neck and stuck him in the back end of a car. Incidentally, it was the same, identical way that Labriola and Weinberg were killed in 1954.

Mr. KENNEDY. Labriola and Weinberg, who were also down there, were ultimately killed, also?

Mr. BUTLER. In the same manner; yes, sir.

Mr. KENNEDY. By the wire around their neck?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. Is that an old, gangland way of disposing of friends?

Mr. BUTLER. It apparently does not make much noise or attract too much witnesses.

Mr. KENNEDY. Mr. Jones, who was down there, did he ultimately talk and expose a lot of these things to the police department?

Mr. BUTLER. Well, sir, in this investigation we found out some of the moves that the gang had planned to make, and some of the business ventures that they were going to enter into. It developed that they were going to muscle into the Continental Press, the nationwide wire service. That happened just like he said it would happen.

Mr. KENNEDY. He described what they were going to do; is that right?

Mr. BUTLER. Yes, sir. They would use this means to muscle into other communities, which was followed almost to a letter when they muscled into Miami, Fla. Another venture, of course, was their entering into the labor unions.

Mr. KENNEDY. Did he discuss their entrance into the labor unions?

Mr. BUTLER. Yes, sir; that was one of their prime objectives at that time.

Mr. KENNEDY. Would you describe what was said about that?

Mr. BUTLER. Well, he discussed many different angles of putting pressure on different companies and businesses. One of the things that he brought out was the fact that they were going to try to organize or unionize every truckdriver in the Nation. He said, "When we do that, we can bring industry to its knees, and even the Government, if we have to." He was talking about different angles.

Mr. KENNEDY. Did he indicate that that was the most important area—to get control of the truckdrivers?

Mr. BUTLER. In the general conversation. For the most part, I let these people talk without pinning them down too much because when I did they would shut up.

Another way that they worked was in this waiters union that they used, and one of the gimmicks there was some of these racket boys would go into a high-class restaurant and say, "We are going to sell you some meat. You are paying \$1 a pound for this stuff, and we are going to charge you \$1.25, but it will be better meat."

Of course, the restaurant owner would be pretty well satisfied with what he had, and they would run the man off, and the next day, through these unions' control, the restaurant operator would not get

any linens, and he would not have any tablecloths or napkins. The racket boys would go back and say, "I still want to sell you that meat, and it has gone up to \$1.50."

The man would run him off again, and finally this racket boy would have the union call and call all of his help out of the restaurant. So, eventually, he had to do business with them and that is just one phase of their activities, excessive charges on commodities that they used in the restaurants, and terror.

He claimed that the coin-machine business was theirs.

Mr. KENNEDY. Will you speak up a little louder?

Mr. BUTLER. They told me that they had control of the coin-machine devices, and one of their big gimmicks was the cigarette deal, that they put these cigarettes in liquor stores because they controlled the liquor business, and they would sell you cigarettes at a very cheap price by simply cutting the retailer, the liquor-store operator, out of his profits and telling him that he could use only cheap cigarettes as a leader to get people to come into his store. Most of them did.

Mr. KENNEDY. Did they indicate what the value of all of these operations was going to be at any time?

Mr. BUTLER. The Dallas Survey, according to most people, would run about \$18 million a year. The wire-service deal that they planned to muscle in, and did muscle in by killing Ragan——

Mr. KENNEDY. That was Ragan that was killed up in Chicago, was it, in 1948 or around then?

Mr. BUTLER. I believe it was 1946 or 1947, or somewhere in there.

Mr. KENNEDY. He had indicated just prior to that that he had expected to be killed?

Mr. BUTLER. That is right. They said that this thing would run them \$1 million a week, the wire service, which is a pretty fat thing.

Senator CHURCH. What is a wire service?

Mr. BUTLER. It was the service that bookies used back when the country was wide open, and they would charge each bookie according to the volume of business that he did. All of them would get the same service, but a man who had 20 customers would not pay as much as a man that had 300 customers.

It depended on the size of the operation.

Mr. KENNEDY. Did you ever learn anything as to who was responsible for killing Ragan?

Mr. BUTLER. Well, nothing that I could swear to. It was engineered by these people.

Mr. KENNEDY. This same group down in Dallas?

Mr. BUTLER. The same group that were behind this bunch, yes.

Mr. KENNEDY. Wasn't Yaris involved in that?

Mr. BUTLER. Dave Yaris, according to the information given out by these people was the man behind the killing, yes, sir.

Mr. KENNEDY. Did they indicate what these enterprises would bring in in these other States they were moving into?

Mr. BUTLER. No, sir. I never did hear any estimate give to that.

Mr. KENNEDY. Just the \$1 million a week for the wire services and then the \$18 million in Dallas, Tex., alone, would indicate that it is a very profitable enterprise.

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. Now, Jones was arrested and was convicted was he not, for the attempt to bribe the sheriff?

Mr. BUTLER. That is right.

Mr. KENNEDY. What was the sheriff's name?

Mr. BUTLER. Guthrie, Steve Guthrie.

Mr. KENNEDY. Did you have any more difficulty with Mr. Jones after that?

Mr. BUTLER. He was given a 3- to 5-year sentence and while he was out on appeal we got him for bringing in 57 kilos of opium from old Mexico, and he had previously told us that he was not interested in narcotics. Later on, it developed that they had some plans to have decisions handed down by certain judges that they controlled, which practically handcuffed the law-enforcement field in their fight against narcotics.

Mr. KENNEDY. Danny Lardino was called back to Chicago by John Lardino through Nick de John, and Weinberg and Labriola were actually there but he moved into this group.

Mr. BUTLER. Yes, sir, they were arrested.

Mr. KENNEDY. And you put them out of Texas, is that right?

Mr. BUTLER. That is right.

Mr. KENNEDY. Now, Mr. Chairman, as I explained, this is the same Danny Lardino that subsequently went back to Chicago and took over this local and controlled it, and John Lardino is the one that runs and controls the biggest hotel and restaurant workers union in Chicago.

That is 10,000 members and both of them are still union officials.

The CHAIRMAN. Are there any questions?

Mr. KENNEDY. Just in passing, did you request to be transferred to juvenile delinquency?

Mr. BUTLER. No, sir. In 1955 I worked for Senator Kefauver on his investigation into juvenile delinquency and when I got back to Dallas they assumed I was an expert on the subject and transferred me there.

Mr. KENNEDY. Was there also a man by the name of Mirro down there?

Mr. BUTLER. He was down there. They called him "Cowboy."

Mr. KENNEDY. Do you know how he got the name "Cowboy"?

Mr. BUTLER. No, sir; I don't.

Mr. KENNEDY. He also will be here in the course of our investigations further on, Mr. Chairman. Mr. Butler, was Lou Schneider down there?

Mr. BUTLER. Yes, sir.

Mr. KENNEDY. He was also down there?

Mr. BUTLER. That is right.

Mr. KENNEDY. Do you know what Schneider's position was?

Mr. BUTLER. No, sir. They tell me that Lou Schneider was a pretty nice sort of person and he got in with those people and as soon as he did he realized he was over his head, and tried to get out, but he couldn't do it.

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Are there any further questions?

Mr. KENNEDY. Was there anything else that you can think of?

Mr. BUTLER. No, sir.

The CHAIRMAN. Thank you very much, Lieutenant.

All right, do you wish to interrogate Mr. Peterson any further?

Mr. KENNEDY. Mr. Chairman, could I call Mr. Kelly who can put in the charter for local 658?

The CHAIRMAN. All right.

Mr. Kelly, come around.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. KELLY. I do.

TESTIMONY OF JAMES P. KELLY

The CHAIRMAN. State your name, and your address, and your present occupation.

Mr. KELLY. My name is James P. Kelly. I live in New York City and I am presently a staff investigator for the committee.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Kelly, have you gone through the books and records of the International Union of Hotel and Restaurant Workers?

Mr. KELLY. Yes, sir; I have.

Mr. KENNEDY. And did you obtain a photostatic copy of application for charter for local 658 in Chicago?

Mr. KELLY. Yes, sir; I did.

Mr. KENNEDY. Mr. Chairman, could I present that to the witness? (A document was handed to the witness.)

The CHAIRMAN. Please examine the photostatic copy presented to you by counsel and state if you identify it.

Mr. KELLY. Yes, sir; I do. I had this photostat made when I was Cincinnati, at the office of the Hotel and Restaurant and Bartenders International Union, the first week of June of this year. It is an application for charter of affiliation to the Hotel and Restaurant employees and Bartenders International Union.

It is dated March 7, 1950, Chicago, Ill., and the name of the organization is the Drug Store, Soda Fountain, and Luncheonette Employees Union, and the address is 10 North Wells Street, Chicago, Ill. It is for local 658. The charter is dated March 8, 1950.

The CHAIRMAN. Could you tell us whether Mr. Danny Lardino's name appears there?

Mr. KELLY. Mr. Danny Lardino's name with the address, 10 North Wells Street, Chicago, Ill., appears as secretary, and the international vice president, James Blakely, appears as organizer with the address 10 North Wells Street, Chicago, Ill.

There were 25 applicants on the original charter and it is interesting to note that of the names mentioned, Danny Lardino is listed as applicant No. 6, and he is the only one for whom no occupation is listed. He gave his address at that time as 4875 North Magnolia.

The CHAIRMAN. That may be made exhibit No. 13A.

(The document referred to was marked "Exhibit No. 13A" for reference and will be found in the appendix on p. 12855.)

Mr. KENNEDY. Blakely, who appears on this local as an organizer, what is his position at the present time?

Mr. KELLY. He has several positions, Mr. Kennedy. He is the secretary-treasurer of local 593.

Mr. KENNEDY. That is the largest local?

Mr. KELLY. Yes; the largest local in the joint executive board in Chicago and he also has been, since 1947, an international vice president of the fifth district which covers Chicago, Ill.

Mr. KENNEDY. He was an international vice president at the time that he appeared on this local application charter as an organizer; is that right?

Mr. KELLY. That is right.

Mr. KENNEDY. And it would appear therefore, that he was the one that sponsored this?

Mr. KELLY. Well, Mr. Duffy and I had a conversation with Mr. Lardino in our office in Chicago—

Mr. KENNEDY. He will be a witness later on, and so you need not testify.

Senator CURTIS. This Danny Lardino as secretary and James Blakely as organizer, they are the same individuals that have been previously mentioned today in the hearings?

Mr. KELLY. Yes, sir; they are.

Senator CURTIS. Have you investigated this list of applicants to find out whether they were genuine employees and applicants?

Mr. KELLY. Not each individual one; no, sir, Senator.

Senator CURTIS. Did you investigate some of them?

Mr. KELLY. No, sir.

Senator CURTIS. This charter was granted?

Mr. KELLY. The charter was granted.

Senator CURTIS. By whom?

Mr. KELLY. By the international in Cincinnati.

Senator CURTIS. And by the president or by an executive board, or how was it granted?

Mr. KELLY. Well, usually the approval is given by the international vice president, and in this case Blakely in District 5 in Chicago, and it is usually on his recommendation to the international that final approval is given.

Senator CURTIS. Blakely files an application before himself and then approves it?

Mr. KELLY. I don't know whether it exactly works that way, Senator, but Blakely in this particular instance on the application for local 658, does appear as the organizer for it.

Senator CURTIS. How long has Blakely been a vice president?

Mr. KELLY. Since about 1947.

Senator CURTIS. How does he get that job?

Mr. KELLY. By election.

Senator CURTIS. Was he elected?

Mr. KELLY. I believe he was; yes, sir.

Senator CURTIS. When?

Mr. KELLY. In 1947 there was a convention at that time, I think, in Milwaukee, Wis.

Senator CURTIS. Who was the head of the international union at that time?

Mr. KELLY. At that time I believe Mr. Hugo Ernst was president.

Senator CURTIS. Is he still president?

Mr. KELLY. No; he is deceased.

Senator CURTIS. Who is president now?

Mr. KELLY. Edward Miller.

Senator CURTIS. And so Blakely served as vice president under both Ernst and Miller?

Mr. KELLY. Yes, sir.

Senator CURTIS. Has he ever been elected since 1947?

Mr. KELLY. I believe there was another election since then, and I do not exactly have the data on that.

Senator CURTIS. You do not know whether he had any opposition?

Mr. KELLY. I do not believe he had opposition in 1947, and I think, if I recall correctly, from what I read in Cincinnati, there was a ballot cast for him, one ballot cast for him, and I don't think there was opposition at that time.

As a matter of fact, in his position as secretary-treasurer of local 593, there is indication that he has not been opposed for that office either.

Senator CURTIS. Have they ever had elections in that local?

Mr. KELLY. As far as I can see.

Senator CURTIS. Now, President Miller, is he acquainted with James Blakely?

Mr. KELLY. Yes, sir, and at one time now President Miller held the position that Mr. Blakely held in District 5.

Senator CURTIS. Mr. Miller is from Chicago?

Mr. KELLY. He is from Kansas City, and he was connected with local 20 of the Bartenders Union in Kansas City years ago.

Senator CURTIS. Was there anything about your investigation that caused you to believe that Mr. Miller knew of the type of character that Daniel Lardino and James Blakely were?

Mr. KELLY. There is nothing from the direct investigation that could indicate Mr. Miller did or did not know what their characters were except that available reports on the activities of this union in Chicago were made available to him as president of the international union.

Senator CURTIS. When is that?

Mr. KELLY. Throughout the years, from the time he became international president and when he was vice president he was aware of the general situation in Chicago.

Senator CURTIS. That is all at that point.

The CHAIRMAN. I believe that application was dated March 7, 1950, and the charter was granted the following day, on March 8?

Mr. KELLY. The charter was dated March 8, which would be the following day.

The CHAIRMAN. It would be the following day and there was not much investigation, if any, made regarding the application for the charter.

Mr. KELLY. As I said, Senator McClellan, the investigation and recommendations usually are made by the international vice president of the district.

The CHAIRMAN. The international vice president of the district was the one that really set this up?

Mr. KELLY. Evidently.

The CHAIRMAN. Apparently so, because he listed himself as organizer in this application.

Mr. KELLY. That is correct.

The CHAIRMAN. And the application received his endorsement and there was quick action taken and the charter was issued the following day.

Mr. KELLY. It appears that way. The photostat that I have here shows that.

Senator CURTIS. Mr. Chairman, I do not know whether this witness can provide me with the answer or not, but I would like to know what remedy employees who had to join that union, or employers involved in the contract, what remedy they have to rid themselves of this situation of paying tribute to a union that obviously, is organized and dominated and run and looted by criminals.

Mr. KELLY. It appears to me, Senator, that the employees' choice in these cases is sometimes limited.

Senator CURTIS. I mean after they are in.

Mr. KELLY. Pardon me?

Senator CURTIS. I mean after they are in. Here the employer signs a contract and maybe he did it with fear and maybe he believed it to be a legitimate union, and maybe he was in collusion with them, with the criminals, I do not know. But I am talking about an employer, we will say a drug store and these people who work there and work for a living find that they are all in the clutches of this union. What is their remedy at law?

Mr. KELLY. I am not familiar with their remedies at law. Their remedy would appear to me, Senator, to be in the election of the officers for their union. Now, as far as I know, Dan Lardino was appointed to this position as secretary by Mr. Blakely.

Senator CURTIS. Of course, is it reasonable to anticipate that men of this character are going to conduct a union meeting that is open and aboveboard and give the members a free chance to choose?

Mr. KELLY. Are you asking my opinion on this, Senator?

Senator CURTIS. I do not mean to ask the witness.

Mr. KENNEDY. He can answer anything, but we are getting into what his opinion is, and I do not know, we will have some experts on that.

The CHAIRMAN. He may state his opinion from the experience that he has had investigating, for whatever it is worth, if he knows.

Mr. KELLY. For what it is worth, my opinion in this regard is that sometimes the members have the recourse of appearing at meetings and voicing their opinions. I have no direct evidence as to what happened in this particular union, in local 658 as far as elections were concerned.

Whether or not the members of the union at any time voiced their opposition to the particular officers, I do not know.

Senator CURTIS. I ask these questions to raise them in the record, and certainly not to ask the impossible from a staff member.

Mr. KENNEDY. I understand that, but I did not know whether we wanted to get in the position of having staff investigators testify as to their opinions on matters such as this where we will have experts.

Senator CURTIS. I regard the staff as experts.

The CHAIRMAN. Of course the staff comes to some opinion, no doubt, in the course of their investigations, and that is a matter of individual opinion. What one person's remedy might be, might not be that of another.

The important thing is to develop these facts and develop the practices that are being engaged in, and the conditions that prevail, and then it evolves upon the Congress to find a remedy and by law to correct these conditions insofar as we can do so.

Senator CURTIS. I think in other instances this committee has received evidence where a criminal element have run a union and if some member protested in the union he may have had his head bashed in. If he went to court, he might be expelled from the union because he did not proceed through union channels. He does not have too much of a remedy and it is one of the problems this committee has.

The CHAIRMAN. That is correct. Judging from the character of these folks, and what has been testified to, I assume if one attended a meeting and raised his voice, he would be incurring some risk, at least, in doing so.

All right, proceed.

Mr. KENNEDY. Now, Mr. Chairman, we have discussed local 593 and local 658, and I would like to go to another union of the Hotel and Restaurant Employees Union in Chicago, and that would be local 450 of the same international.

TESTIMONY OF VIRGIL W. PETERSON—Resumed

Mr. KENNEDY. Did you have any information indicating if there were any gangster infiltration into local 450?

Mr. PETERSON. It is our information and quite common knowledge that the dominant influence back of local 450, and this influence probably originally organized this union, was Claude Maddox, alias John Edward Moore, but actually his real name is John Edward Moore, and he has used the name of Claude Maddox.

Mr. KENNEDY. And this local 450 is the Hotel, Club, Restaurant Employees and Bartenders International Union in Cicero, Ill., is that right?

Mr. PETERSON. That is right.

Mr. KENNEDY. Now, who is Claude Maddox, Mr. Peterson?

Mr. PETERSON. He has a long criminal history. He was born in St. Louis, January 26, 1901, and in fact, he died just 2 weeks ago last Saturday, I think it was, in June of 1958.

Mr. KENNEDY. I would like to say there, Mr. Chairman, that Mr. Maddox was under subpoena to appear before the committee, and he was to have appeared today as a witness but died about a week ago, is that right?

Mr. PETERSON. That is right, and I think it was 2 weeks ago Saturday, if my memory serves me correctly.

Mr. KENNEDY. He also had a very nice wake, did he not?

Mr. PETERSON. That is right.

Senator CHURCH. Did he die of natural causes?

Mr. PETERSON. Yes, sir; natural causes and, in fact, I think his wife was watching television and he was asleep in the bed and died a very peaceful death.

Senator CURTIS. Is that a natural cause for a hoodlum to die, or an unnatural death?

Mr. PETERSON. In view of his background, I would say it could be considered an unnatural death.

Senator CURTIS. Maybe "unusual" is a better term.

Mr. PETERSON. Yes, sir.

Mr. KENNEDY. Would you give us the background of this individual who controlled local 450?

Mr. PETERSON. When he was quite young, while he was still in St. Louis, he remained there the first few years of his life; he was a member of a notorious criminal organization known as Egan's Rats. That was in St. Louis.

His first arrest record was in 1919 on a burglary charge. On August 5, 1919, he was sentenced to 1 year in the workhouse for burglary following a plea of guilty to petty larceny in St. Louis.

On July 10, 1920, he again received a 1-year sentence in the workhouse on a robbery charge, after a plea of guilty to petty larceny, in St. Louis.

Information indicates that he came to Chicago early in the 1920's and he became affiliated with the Capone gangsters and some of the most notorious criminal elements in Chicago. In fact, on December 27, 1922, 3 men were arrested by the police following an attempt on November 18, 1922, to rob 2 safes in the Waiters Association Club rooms at 105 West Madison Street, Chicago.

The men charged with burglary on that occasion were Claude Maddox, of 1340 West Madison Street, and Joseph Laferty, of 17 North Ann Street, and P. J. Dwyer, of 123 South Wood Street.

Dwyer, as a matter of fact, had been arrested 3 years earlier as a suspect in the Charles Stillwell dancehall murder, and Laferty had been arrested in connection with the Dearborn Station mail robbery earlier.

On December 1, 1923, Claude Maddox was indicted by the Cook County grand jury, in indictment No. 30259, for burglary, jointly with John Laferty and Pat Dwyer. That was a result of the attempted robbery or burglary of this Waiters Association.

Our observers' report, dated June 5, 1923, indicates that this case was stricken off with leave to reinstate because the witnesses could not be located. The witnesses could not be located, and, naturally, there was nobody to testify in the case. We have another report in our files relating to an incident which happened at 10:50 a. m., on November 4, 1924, when John Mackey, Anthony Caissane, a notorious gangster in Chicago at the time, and Claude Maddox, together with another unknown man, were riding in a car in front of 405 South Hoyne Avenue, when they were ambushed by another car, shotgun slugs fired into the place.

Mackey, as a matter of fact, who was driving the car, was so severely wounded from these gunshot wounds that he died en route to the hospital. Caissane and Maddox tried to flee from this obvious, attempted gang killing, but they were injured. They hurt their ankles in some fashion, and the police were able to pick them up. Caissane admitted to the police that the cause of the shooting stemmed from a fight between two rival alcohol-running gangs, and each gang was out to get the other.

Several years later Chicago was the scene of perhaps one of the most bizarre, notorious crimes in America, known as the St. Valentine's Day massacre, on February 14, 1929.

You are probably familiar with the facts in this case. But Capone gangsters dressed as policemen entered a garage at 2122 North Clark Street in Chicago, the headquarters of the old "Bugs" Moran gang.

The gangsters were dressed in the uniforms of policemen. They told these other hoodlums that they were under arrest, to hold their hands up, to face the wall, and then they mowed them down. There were seven of them killed in this fashion.

During the investigation of this massacre, the police ran down the trail of a burned automobile, which the police were confident figured in the St. Valentine's Day massacre. This automobile was found in a garage at 1923 North Wood Street. The garage owner claimed that it had been rented by a man giving the name of Rogers, and an address of 1859 West North Avenue, which was found by the police to be vacant. However, this was just two doors away or a door away from the old Circus Cafe, which at that time was owned by Claude Maddox and was the headquarters of what was known as the Circus Cafe gang. At that time, to show you the reputation of Maddox, who, incidentally, was a primary suspect in this case, he was known and was referred to constantly as the friend and ally of "Machinegun" Jack McGurn, who was one of the principal gunmen for the Capone gang.

Several weeks earlier, the police, in a raid, had found Maddox hiding in a basement at this North Avenue address, and right near him were found parts of a machinegun. Incidentally, he was arrested in connection with this St. Valentine's Day massacre as a suspect, but he had an ironclad alibi and was released in connection with that.

On October 12, 1930, Claude Maddox was again arrested in the company of George "Red" Barker and William "Three-Finger Jack" White, by Lt. William Blau and other officers of the State attorney's office. They were seized while sitting in an automobile a few doors away from the Capone's Cicero headquarters on West 22d Street. In the car were found a couple of revolvers.

Mr. KENNEDY. Red Barker and Three Finger were close associates of certain union officials of the Operating Engineers?

Mr. PETERSON. That is right.

Mr. KENNEDY. We had some testimony about them at an earlier hearing.

Mr. PETERSON. That's right. They were very active in labor rackets at that time. On June 26, 1931, the press carried accounts of the fact that the Chicago police, that is, from members of the detective bureau, arrested five men when they were released from the DuPage County jail in Wheaton, where they had been arrested on prohibition charges.

The police arrested these 5 men, and they were all close associates, who were, of course, Claude Maddox; "Tough Tony" Capezio, who was, incidentally, also a member of the Circus Cafe gang and was suspected with Maddox in the St. Valentine's Day massacre; Rocco De-Grazio, who lived at 145 West 21st Place; Louis Stacey, a well-known hoodlum from Cicero, Ill.; and a fellow by the name of John Purdy. In 1931, information indicated that Maddox was then playing a leading role in the invasion of the Chicago Teamsters Union by "Chicago Red" Barker and William J. "Three-Finger Jack" White.

Police Officer James McBride, of Bellewood, stated, and I quote:

I had arrested "Three-Finger Jack" White in a roadhouse where he had killed my partner. I was, of course, to be the chief witness against him when the trial came. But, shortly before the trial started, I was shot by Johnny Moore.

He fired on me with a sawed-off shotgun, blasting me through a window as I sat in a streetcar.

In fact, part of McBride's jaw was shot off. White was later acquitted in the trial, but he was later murdered, himself, in an Oak Park apartment by members of the syndicate, that is according to the information, who could not handle him. On June 30, 1921, the State nolle prossed a case against Maddox, for the shooting of McBride, when a 20-year old girl, Gretchen McDonald, of 422 South 20th Avenue, Maywood, Ill., refused to identify Maddox as the person she saw shoot Officer McBride. Our observers' report contains an account of this trial, and it quotes Prosecutor Walker Butler, who, incidentally, is now a very fine judge in Chicago, Walker Butler making this statement to the court at that time.

He says:

Your Honor, this is just another case of gangland's successful intimidation of a witness. The State is helpless under the circumstances.

It appeared that Butler had called the witness to the stand, and he asked her why she had changed her testimony. She had previously identified Maddox. During 1930, Maddox became active in the Cicero, Ill., headquarters of the Capone gang, and in the latter part of 1935 he was again picked up as a suspect in the St. Valentine's Day massacre case because of additional information which, I believe, was obtained from the Federal Government at that time, and he again, of course, furnished an alibi for the St. Valentine's Day massacre. But at that time, in 1935, when he was arrested, he was operating a tavern at 2241 South Cicero Avenue, and it was common understanding among police officials, newspaper officials, and others at that time, that Maddox had organized Local 450 of the Hotel, Club, Restaurant Employees and Bartenders Union. There were indications that Maddox was assisted in this matter by Frank "the Enforcer" Nitti, Murray Humphreys, Louis Romano, who was head of Local 278 of the Bartenders Union in Chicago, in establishing control over local 450.

On May 5, 1943, Danny Stanton, a well-known Capone hoodlum, was slain in a tavern at 6500 South May Street, in Chicago.

Mr. KENNEDY. Stanton was the one who was the friend of Blakely?

Mr. PETERSON. That is right. And Maddox was sought by the police at that time as a keyman in connection with the investigation. Capt. Patrick Collins, of the police department, and Assistant States Attorney Francis McCurrie stated publicly that Stanton had refused to take any orders from or surrender any of his powers to John Edward Moore, alias Claude Maddox, who had recently been placed in charge of labor-union control by Paul Ricca and Louis "Little New York" Campagna.

That was the statement made by those two officials at that time. Press reports indicated or alleged that Maddox was then attempting to take over the checkroom attendants' union which up to that time had belonged to Danny Stanton. Claude Maddox, in Cicero, has operated a place called the Turf Club, and his associate, Joseph Aiuppa—

Mr. KENNEDY. Joseph Aiuppa is also an important figure in the course of this.

Mr. PETERSON. Yes, alias Joey O'Brien; he is a notorious hoodlum who has figured very prominently in syndicate gambling activities and other activities in Cicero. In fact, there was positive testimony and evidence concerning a handbook that he operated at 4831 West Cermak Road a few years ago. I think the records showed that his income from that handbook annually was in the neighborhood of \$1 million.

That is a matter of testimony in the old Kefauver committee hearings. Claude Maddox, Joseph Aiuppa, and Robert Ansoni have also been associated together in an outfit or a business manufacturing concern, called Taylor & Co., which manufactures gambling-house equipment.

Equipment from this firm has been shipped all over the United States to various gambling casinos. On January 26, 1956, five partners in Taylor & Co., of 4848 West 25th Street, Cicero, were convicted in Federal court, based on an indictment which charged that these defendants had shipped gambling equipment in interstate commerce from Chicago to Pennsylvania in violation of the Johnson Act.

Included in the indictments and convicted at that time, on January 26, in addition to the other two individuals, were Claude Maddox, Joseph Aiuppa, and Robert J. Ansoni. Following their convictions, Federal Judge William J. Campbell sentenced each defendant to serve 1 year and 1 day in Federal prison and to pay a fine of \$1,000 and costs. These cases were appealed, but they were upheld on appeal, and the men went to prison.

On January 22, 1955, Claude Maddox's daughter was married. Among those present at the reception were Paul "the Waiter" Ricca, Tony Arcardo, Joseph Aiuppa, Robert Ansoni, Mike Spranse, John Arcardo, Leonard Patrick, and numerous others. And cars bringing guests to the reception bore license plates issued to, in the first instance, the Produce Drivers' Union, Local 703, 216 South Ashland Avenue; to the Hotel, Club, Restaurant Employees, and Bartenders International Union, Suburban Local 450, 2137 South Cicero Avenue, Chicago; Picture Frame Workers Union, 731 Southwestern Avenue, Chicago; Joseph Iello, operator; and to the International Hodcarriers Union, 814 West Harrison Street, Chicago, Ill.

We received information in 1953 to the effect—and we gave this report to the police and to the Senate investigating committee and others—that Claude Maddox allegedly was receiving \$10,000 a month from certain unions, including local 593, and that in this deal were also the two Lardino brothers, Johnnie and Dan Lardino.

Mr. KENNEDY. This individual that you just described is the individual that information indicates controls local 593?

Mr. PETERSON. That is correct.

Mr. KENNEDY. This, Mr. Chairman, is a copy of his police record. Maddox is also known as Screwy, is he not?

Mr. PETERSON. Yes. John Edward "Screw" Moore. The real name is John Edward Moore, but he is known more frequently under the name of John Maddox.

The CHAIRMAN. Is he also known as John Manning?

Mr. PETERSON. I have never heard that. It may be.

Mr. KENNEDY. Can Mr. Kelly put this in?

TESTIMONY OF JAMES P. KELLY—Resumed

The CHAIRMAN. Mr. Kelly, you have the criminal record of this man Moore or Maddox?

Mr. KELLY. Yes, Mr. Chairman.

The CHAIRMAN. You may state what it is.

Mr. KELLY. He is known as John Edward Moore, also known as Claude Maddox, also known as Screwy Moore, also known as John Manning.

Mr. KENNEDY. Just give the highlights.

The CHAIRMAN. Do you have there his criminal record?

Mr. KELLY. Yes, sir.

The CHAIRMAN. That record may be made exhibit No. 14 for reference.

(The document referred to was marked "Exhibit No. 14" for reference and may be found in the files of the Select Labor Committee.)

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

TESTIMONY OF VIRGIL PETERSON—Resumed

Senator CURTIS. Mr. Peterson, do you have an estimate of what has been the total take of money, both from the collection of dues, the shakedowns and extortions, the blackmail, by gangster-dominated unions in the Chicago area?

Mr. PETERSON. I wouldn't be able to make it. Any estimate along that line would be strictly a guess. Just like the cost of crime, it is very—

Senator CURTIS. It is very sizable, is it not?

Mr. PETERSON. It would be very substantial, surely.

Senator CURTIS. Even on the period of an annual basis or a monthly basis, it would still be a sizable amount?

Mr. PETERSON. That is right.

Senator CURTIS. And that would be true of any reasonable guess that would have considerable substantiation?

Mr. PETERSON. That is right.

Mr. KENNEDY. Mr. Chairman, we have talked about 596 and 358. I would like to have Mr. Kelly put on the stand to testify as to what the international records show as to who received the charter for local 450.

TESTIMONY OF JAMES P. KELLY—Resumed

The CHAIRMAN. Mr. Kelly, I hand you a photostatic copy of a document purporting to be an application for a charter.

I will ask you to examine this document and state if you identify it. (The document was handed to the witness.)

Mr. KELLY. Yes, sir, I do.

The CHAIRMAN. What is it?

Mr. KELLY. It is a photostatic copy of an application for charter of affiliation with the Hotel and Restaurant Employees and Beverage Dispensers International Alliance. It is dated in Cicero, Ill., August 12, 1935, for Local Union 450, Bartenders Union, 6029½ West Roosevelt Road, Cicero, Ill.

The CHAIRMAN. What date was the charter issued on that application?

Mr. KELLY. There are several rubber stamps here, Mr. Chariman. It was received August 13, 1935; that would be the international stamp. There is a date that it was answered on August 13, 1935.

There is a notation on the side 12 books and initiation stamps August 12, 1935, which would mean that the initiation books and the stamps were prepared for the local on the dates the application for a charter was made out.

The secretary on this charter application is Joseph Aiuppa.

Mr. KENNEDY. That is the same individual, is it not, that we have been discussing here?

Mr. KELLY. Yes, sir.

The CHAIRMAN. Let this be made exhibit No. 15.

(The document referred to was marked "Exhibit No. 15" for reference and will be found in the appendix on p. 12856.)

Mr. KENNEDY. Mr. Kelly, you attempted to subpoena Mr. Aiuppa, did you not?

Mr. KELLY. Yes, sir, that is correct.

Mr. KENNEDY. Mr. Aiuppa, Mr. Chairman, is one of our missing witnesses in Chicago, who has avoided being subpoenaed.

Mr. Kelly, could you tell us if you went to Mr. Aiuppa's home and tried to contact him?

Mr. KELLY. Yes, sir, I did, in company with another staff member of the committee, Mr. Gosch, on the 14th of June of this year, I went to Mr. Aiuppa's home at 4 Yorkshire Drive in Elmhurst, Ill. The purpose of seeing him was to serve him with a committee subpoena.

Mr. KENNEDY. Would you tell us what happened?

Mr. KELLY. Well, as we approached the house, we parked the car, we had a Government car, we parked the car down the road on Yorkshire Drive. As we approached the house, a man wearing working clothes came out from the side of the house and approached us. As we came up the road, we could see a person that I recognized as Joey Aiuppa, standing in the rear of the yard, patting a dog on the head. He had a fenced-in kennel in the back yard. He was patting the dog on the head. We came up to the front of the house, there was a circular driveway, and this person dressed in working clothes came over and asked if he could help us. We told him we would like to see Joey Aiuppa. He said Joey was out in back. He said, "He is going out. He has an important engagement. He is in a hurry. I will tell him you want to see him."

He called in through an open window to a maid inside, and said, "Carlene, tell Joey that these two men want to see him."

At that point, Mr. Gosch and I waited up by the front door. Incidentally, they had this one-way mirror glass paneling in the front door.

Mr. KENNEDY. You could look out but you could not look in?

Mr. KELLY. You could not look in. You would see your own reflection. We waited a few minutes by the door, and this person in the working clothes went back around the corner of the house. Within a very few minutes he came back out with an entirely different expression on his face and said "Joey isn't home, fellows. Is there anything we can do for you?"

I said "Look, we saw Joey in the backyard as we came in here. You just told us that he was in the backyard and he was home."

I said "I am from the Government, and I want you to tell Joey that we want to talk to him, and we want him to come out or let us come in."

So the maid came to the window and I said "Carlene, I want you to tell Joey to come out and see us. Tell him we are from the Government."

She said "I don't think he is in, but I will go see."

She disappeared, and she came back in a few minutes and she said "He said he isn't in."

So this man said he was the gardener and cautioned me not to step on his geraniums. I had a conversation with Mr. Gosch and decided to bring the Government car up, and if Joey had an important engagement we would wait for him. We parked in front in the car, and as we sat there, I could see this man who identified himself as Mario, having a conversation with someone other than the maid through the window. Mario was rather excited, waving his arms, trying to say something. We brought the car back up and parked it out in front where they could see it. At this point, Mario came out and went over to a car that was parked alongside the house. At this place, the new toll road is going through and there is a bank that extends perhaps 25 or 30 feet, from the side of his home down to the toll road. There were two cars, parked there, one 1957 Ford which Mario had told us he owned, and another 1951 Ford, which he said he didn't know who owned it or who it belonged to.

He got into the 1957 Ford and he started to drive slowly out the driveway. I went over to him again and said, "Look, Mario, we are from the Government. I will show you my credentials again. I want you to try and tell Joey that we want to see him for a few minutes, that it is important. We are not going to take up much of his time."

He said, "Look, fellows, why put me in the middle?"

With that he drove off. At this point I had another conversation with Mr. Gosch and decided that it was quite possible when we were out of sight of the house getting our car, Joey might have hidden himself in the trunk, as he was mighty anxious to get out.

So I said to Mr. Gosch, "Tail him for a while. He is driving very slowly and maybe he doesn't want to jounce him around. I will wait down here among the trees where he can't see me, and if he tries to bring out the other car, I will try to intercept him."

At this point, Mr. Gosch took off in pursuit of Mario. I waited in the trees in a position where I could see the house. When Mario got out of sight, the little 1951 came bouncing down the driveway. So I was walking up the road with my credentials in one hand and the subpoena in the other and I saw this man that was driving the car had no intention of stopping. I just got out of the way in time. As he went by, he looked up and looked at me, yelled something unintelligible, but I could see his face clearly, and it was Joey Aiuppa.

He made the turn and went down the road toward Roosevelt Road. That was the last I saw of him.

Mr. KENNEDY. Did he swerve at all?

Mr. KELLY. No, sir.

Mr. KENNEDY. Was he actually picking up speed?

Mr. KELLY. He was picking up speed as he came out of the driveway. He did not slow down to make the turn. He just about made the turn.

Mr. KENNEDY. He did not attempt to miss you at that time?

Mr. KELLY. He didn't attempt to miss me. He was in the middle of the road, not on the right or left but in the middle.

Mr. KENNEDY. And we haven't seen Mr. Aiuppa since that time?

Mr. KELLY. No, sir.

The CHAIRMAN. Have you asked the help of officers out there to serve the subpoena?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. Mr. Aiuppa has a criminal record; does he not?

Mr. KELLY. Yes; he has.

Mr. KENNEDY. Did you also find that John Edward Moore was a member of that local 450?

Mr. KELLY. In the investigation that I made of the records in Cincinnati in the early part of June, the first week in June, I went through the membership initiation, with withdrawal, et cetera, of local 450, from the period of its charter to about 1947.

I found one John Edward Moore, and he was initiated into the union in February of 1941. This was approximately a month before the international convention in Cincinnati, Ohio, that year.

Mr. KENNEDY. Did Mr. Moore attend the convention in Cincinnati?

Mr. KELLY. The records indicate that he did, although not as John Edward Moore.

Mr. KENNEDY. But he did attend the international convention in 1941?

Mr. KELLY. Yes, sir; and attended the convention in 1947, in Milwaukee.

Mr. KENNEDY. This is the same individual we have been discussing?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. That is locals 593, 658, and 450; now I would like to go to local 278 of the same union.

TESTIMONY OF VIRGIL PETERSON—Resumed

Mr. KENNEDY. Do you have any information that Local 278 of the Hotel and Restaurant Workers Union is controlled or has been infiltrated by hoodlums or gangsters?

Mr. PETERSON. Local 278, Chicago Bartenders Union, is located at 10 North Clark Street.

Mr. KENNEDY. Bartenders and Beverage Dispensers Union?

Mr. PETERSON. Yes. That has a long history with reference to hoodlum infiltration. In 1935 Frank Nitti attempted to gain control over 278. At that time, we had—not at that time, but later, there was some testimony given by a George V. McLane, who was the head of local 278, and in his testimony also before two different hearings, both master in chancery and before a grand jury, he told of his conversations with Nitti in 1935. At that time, Nitti was trying to take over local 278. Nitti told him that he placed George G. Browne as presiden of the International Alliance of Theatrical Stage Employees and Motion Picture Operators. As a matter of fact, Nitti, together

with Paul Ricca, Phil DeAndre, Paul Joey, Nick Deane, and a number of others, were convicted. They had taken over control of that union and were convicted in 1943 in connection with a million-dollar extortion from the movie-picture industry.

So he was not idly boasting when he said he put Browne in charge of that union. He also was not boasting when he said he placed Mike Carroza as Chicago czar. He also made George Scalise president of the Building Service Employees International Union. As you undoubtedly recall, Scalise was sent to prison for looting this union treasury.

During the early months of 1935, according to testimony, or according to the testimony of George McLane, he received a telephone call in the union headquarters from Danny Stanton, who has been mentioned earlier today. Stanton wanted \$500 from McLane to go to the Kentucky Derby, and said he would send over 2 men to pick up the money.

Mr. KENNEDY. What was McLane's position at that time?

Mr. PETERSON. He was the president, as I recall, of local 278. He was the official in the union. McLane replied that he had no right to give out union funds. However, a half hour later, according to McLane's story, two men came over to pick up the money, and McLane refused to give it to them.

They then called Danny Stanton, and Stanton told McLane, according to his testimony, "You son of a so and so, we will get the money and take the union over."

Two or three weeks later, according to McLane's testimony, he was contacted by an emissary of Nitti, who said he wanted to see him at the LaSalle Hotel. At this meeting, Mr. McLane mentioned the problem of Danny Stanton, his previous contact with him, and Nitti said, "The only way to overcome this is to put one of our men in as an officer."

McLane replied that this was impossible, and Nitti said, "We have taken over other unions. You will put him in or get shot in the head."

According to McLane's testimony, his next contact with this Capone group was at the old Capri Restaurant on the third floor of 1232 North Clark Street. He said present at this meeting were Frank Nitti, Murray "the Camel" Humphreys, "Little New York" Campagna, Paul "the Waiter" Ricca, Joe Fusco, and Jake Guzick. Nitti called McLane over to his table in this restaurant and told McLane that he had to put his man in as an officer of the union. McLane replied that this was impossible as he had to have the approval of the executive board, and the man had to be a member of the union.

Nitti replied, "Give us the names of anyone who opposes, and we will take care of them. We want no more playing around. If you don't do what we say, you will get shot in the head. How would your wife look in black?"

That was the conversation that McLane reported he had on that occasion.

His next summons was to the Capri Restaurant some time later where he met Nitti, Campagna, and Frederick Evans. At this meeting, he said, according to McLane, "Why haven't you put a man in as an officer? What are you stalling for? The slugging of your

pickets and intimidation of your business agents will stop if you put our man to work. I will give you a man without a police record. The places that our syndicate owns will join the union. There will be no pickets and no bother."

That is according to McLane's report of this conversation. McLane told Nitti that the executive board had refused to accept the gangster as an officer, and Nitti and Humphreys then demanded the names of those who had opposed, and McLane refused to give them to him. They then said, "We will take care of that."

This was said by Humphreys.

"This is your last chance. This is the only way we will stand for anything." And "Put in our man or wind up in an alley."

McLane then went back to the board, according to his testimony, told them about the threats and what it meant, and it was finally agreed in the latter part of July 1935 to put in the syndicate man in control of the union. This man was Louis Romano.

Mr. KENNEDY. That is R-o-m-a-n-o?

Mr. PETERSON. Yes.

Mr. KENNEDY. He will also be important in the course of this investigation, Mr. Chairman.

Mr. PETERSON. Apparently then, in 1940, McLane was not too happy with Romano's domination of the union. He tried to get him ousted. That is the time he went before the Cook County grand jury and testified that Romano, along with Nitti, Humphreys, Campagna, and Evans controlled Local 278.

Following McLane's testimony, Romano and other syndicate hoodlums were indicted on October 3, 1940, by the Cook County grand jury. The defendants named in this indictment were Frank Nitti, Murray Humphreys, Louis Campagna, Paul Ricca, also known as Paul DeLuccia, Louis Romano, alias Louis Stern, Frederick Evans, and Thomas Pantan.

Mr. KENNEDY. Mr. Chairman, we might just talk about Paul "the Waiter" Ricca, who is probably the most important gangster in Chicago; is he not?

Mr. PETERSON. Yes, certainly one of the most important.

He would have been, without any question, in my opinion, the leader of the syndicate following Frank Nitti, had it not been for his difficulties with the Federal Government beginning in 1943, his sentence to prison in connection with the motion picture extortion case.

Mr. KENNEDY. We had some testimony about Paul "the Waiter" Ricca in our hearings last fall, where it was developed that Jimmy Hoffa, who is now international president of the Teamsters, and Bert Brenman, who is a vice president, had purchased for the Teamsters Mr. Ricca's home, spending \$150,000 in union funds. Mr. Hoffa testified that it was going to be used as a place to instruct and teach the business agents of the Teamsters.

Go ahead.

Mr. PETERSON. When this case came to trial, of course, the principal witness was George V. McLane, and he invoked the fifth amendment and refused to testify. According to the State attorney's office, the chief investigator for that office claimed that in November 1940, before the trial came up, Claude Maddox, alias John Moore,

had talked to McLane and made a deal with McLane that he would be reelected as a union business agent if he promised to save Nitti and others from conviction.

Shortly after he invoked the fifth amendment at the trial, McLane's testimony before the grand jury was made public and much of this testimony or story that I have related here came from that grand jury testimony.

In McLane's testimony before the grand jury it was learned that in the middle of 1938, Nitti forced McLane to run for the presidency of the Bartenders' International Union at a meeting which was held in the Bismark Hotel in the middle of 1938. McLane met George Browne, who also figured in the moving picture extortion case, international president of the Stagehands Union; Willie Bioff, who also figured in that case; Nick Deane, Louis Romano, and Frank Nitti. Bioff advised McLane that as far as the west coast is concerned—that is, in connection with their desire to put in McLane as president of the international union—as far as the west coast was concerned, in Seattle he would contact various organizations, including the Teamsters, and see "That our people there will vote for McLane for the general president."

Mr. McLane explained to them that they were picking an organization that was 28 years old and it was almost impossible to beat an organization of that standing.

He also said that others would know that he was being used strictly as a front man or a yes man for the syndicate. It was explained to McLane, however, that he would wind up in the penitentiary or out in the alley if he did not consent to run for office.

Mr. McLane testified that the syndicate hoodlums said, and I quote, this is McLane's testimony, "They had run other organizations and had taken other organizations through the same channels, and all they said they wanted was 2 years of it and they would see that I was elected. Then they would parcel out different parts of the country. Browne was supposed to take care of the eastern part of it, around Boston and through there. Deane was supposed to take care of some other place. I do not recall just where he was delegated."

According to McLane, Nitti did most of the talking after Browne. Nitti again said they had made Mike Carozzi the czar of the Chicago Street Cleaners Union, how they controlled the treasury of the organizations, and what position they were in to do it.

Nitti said Carozzi did not amount to anything until he affiliated with the syndicate, and they were going to do the same for McLane. Nitti made that very clear at the end of the meeting—that McLane would run for office or he would be found in an alley. Incidentally, McLane did run for the office then, but he was defeated. As a result of McLane's charges, the syndicate control of local 278, the local was put into receivership in August of 1940, in hearings before Judge Robert Jerome Dunn of Chicago.

On January 6, 1941, 4,000 union bartenders cast their votes in the courtroom of Judge Dunn, who had placed this union in receivership in August of 1940. At this election, James Crowley was elected president, and McLane was defeated for reelection as business agent. He was defeated by Joseph McGillriott. The States attorney's office chief investigator at that time stated publicly that the Nitti mob is

still in control. Rather interestingly, on February 13, 1941, master in chancery, Isadore Browne, who had heard testimony from McLane and others before him, held that this testimony had established (1) that the present head of the Al Capone gang in Chicago was Frank Nitti, that is 1941; (2) that Nitti said he was going to take over the Bartenders Union and did so; (3) that there was fear among some of the bartenders that Nitti and some of his gang was going to take off with some of the bartenders' money, and this fear was a valid one.

This master in chancery held that with the exception of those charges relating to fiscal irregularities, the original charges made by George V. McLane had been absolutely sustained.

(At this point, Senator Curtis withdrew from the hearing room.)

MR. KENNEDY. You mentioned that James Crowley was elected president.

MR. PETERSON. Yes.

MR. KENNEDY. Did he continue to hold the office or position of president?

MR. PETERSON. He has until recently. On March 18, 1947, gunmen attempted to assassinate him.

MR. KENNEDY. What happened then?

MR. PETERSON. He and his wife drove up in front of their residence at 7225 Merlo Avenue, in a Cadillac automobile. Gunmen from another car drew alongside and blasted several shotgun blasts into the car. As a matter of fact, five blasts from the shotgun struck the left front window of the car. At least 25 slugs hit Mrs. Crowley and killed her instantly. Crowley himself had five shotgun bullets in his left arm and back. He was taken to the Jackson Park Hospital, where he recovered.

MR. KENNEDY. Did they amputate his arm?

MR. PETERSON. I don't recall. I don't think so. I don't know about that. He was later questioned, I know, at the Grant Crossing police station and in the presence of his attorney and also Morris Sheiber, secretary and treasurer of local 278, he denied that he had any knowledge as to who had attempted to take his life, or he denied that his life had been threatened.

MR. KENNEDY. Did he remain in as president after that?

MR. PETERSON. He resigned as president of local 278, May 5, 1958, just this year, and was succeeded by Morris J. Sheiber.

MR. KENNEDY. He just resigned in the period of the last month or so, is that right?

MR. PETERSON. That is right.

MR. KENNEDY. You talked about Louis Romano being placed in control of this union for the syndicate. Can you tell us anything about the background of Louis Romano?

MR. PETERSON. Yes. The crime commission files contain information about him going back many years. In fact, he was involved in a shooting in a saloon at 2059 Division Street, in Chicago, on April 5, 1922, and on that occasion he shot Abe Rubin four times. Rubin was killed. During the same affray Romano shot Isadore Sulporr, of Potomac Avenue, and also Charles Hadesman once. On April 20, 1922, three indictments were returned by the Cook County grand jury against Louis Romano, indictment No. 28308, charging Romano with

the murder of Rubin; No. 28309, assault with intent to murder Isadore Sulporr; and No. 28310, assault with intent to murder Charles Hadesman.

On June 20, 1923, indictments 28309 and 28310 were stricken off with leave to reinstate, and indictment 28308 was nolle prossed.

We also have information that reveals that Romano was arrested in 1923 for the fatal shooting of Albert Lucentti. This fatal shooting occurred during a traffic argument.

Witnesses failed to identify Romano, however, and he was subsequently released. Of course, I have mentioned as part of his criminal record, or criminal history, at least, this indictment returned October 3, 1940, by the Cook County grand jury, and that indictment, incidentally, a motion for directed verdict of not guilty was returned on December 2, 1940, following McLane's invoking of the fifth amendment.

Mr. KENNEDY. So in summary he was ultimately removed, was he not?

Mr. PETERSON. Yes, as a result of those receivership proceedings.

Mr. KENNEDY. Of local 278.

Mr. PETERSON. Yes.

Mr. KENNEDY. He was placed in this position, supposedly because he was the one that did not have the long criminal record, is that right?

Mr. PETERSON. Yes.

Mr. KENNEDY. And after he got out of local 278, or was put out of local 278, who did he go to work for within a short period of time?

Mr. PETERSON. Abe Tietelbaum, labor relations counselor for the Chicago Restaurant Association. Tietelbaum admitted Romano was on his staff, and said he is an expert in labor relations matters.

Mr. KENNEDY. So he was involved in these criminal activities during 1930, had this connection with the union, was expelled and then was picked up by the employers as a labor-relations consultant?

Mr. PETERSON. That is right.

Mr. KENNEDY. And that was within a short period of time?

Mr. PETERSON. Yes; not too long after that. I don't have the exact date.

Mr. KENNEDY. Back in 1935, hadn't he also been head of the Joint Council of the Hotel and Restaurant Employees' Union?

Mr. PETERSON. Louis Romano?

Mr. KENNEDY. Yes.

Mr. PETERSON. That is my recollection.

Mr. KENNEDY. That was 1935 to 1940. So he held this important position during this period of time that the syndicate was attempting to move in on these unions, and then went to work for the employers to handle their labor relations.

Mr. PETERSON. Louis Romano went with the employers. You have given the background of the syndicate control of some of these local unions. Was there also some efforts by the syndicate to get in and control the association, and did the association or the employers welcome the representatives of the syndicate?

Senator CHURCH. Mr. Chairman, before we get into this aspect of the case, I have a couple of questions I would like to ask with respect to this local 278 to complete the story before we get into the association side.

You have already given evidence here with respect to two locals as to how they were initially organized by these mobster elements.

With respect to local 278, we have a case where the mobster element muscled in through an established local. Not only was it interested in that particular local, but it was interested in an attempt to take over the international, and it made McLane its front man in that attempt. That attempt failed; did it not?

Mr. PETERSON. Yes, in that instance.

Senator CHURCH. But they did manage to muscle in and gain control of local 278. They put Louis Romano in charge. It then went into receivership and in a proceeding Federal court—

Mr. PETERSON. No, not Federal court.

Senator CHURCH. In the local court, then. Crowley was elected president of the local?

Mr. PETERSON. Yes.

Senator CHURCH. Now, did this same element, that is, the Frank Nitti element, continue to dominate the Crowley regime in local 278?

Mr. PETERSON. As I mentioned, the States attorney's office stated as a result of that election, the Nitti mob is still in control, and there was a rather interesting incident which would indicate they certainly still had a considerable amount of influence. As a result of the decision that placed the union in receivership, the union was forced to fire certain business agents and other officials, because of their connections, including Thomas Panton, one of the individuals who was named in this indictment.

Almost immediately after the receivership then was dissolved, that is, after the control was placed back in the hands of the union, they then, Crowley then fired or the union fired these individuals who had been placed in there during the course of the receivership, and took back several of the individuals who had been fired as a result of this so-called hoodlum domination, and, as I recall, one of those that was taken back was Thomas Panton, who had been indicted in connection with this.

So certainly there was a very strong indication that the complexion of the union had not changed too much insofar as syndicate domination was concerned.

Senator CHURCH. Since this occurred a number of years ago, the receivership proceeding in 1940, I think it is important that we try to bring it down to date so that we have some appraisal of the current situation. The Crowley regime has also passed into Limbo, has it not?

Mr. PETERSON. That is right.

Senator CHURCH. What, in your opinion, is the situation today in local 278?

Is it still influenced by this same racketeer element?

Mr. PETERSON. Certainly the influence has not completely disappeared. That is my opinion.

Senator CHURCH. Thank you.

The CHAIRMAN. When did Mr. Crowley get out?

Mr. PETERSON. Just May 5, 1958.

The CHAIRMAN. A little while after this investigation started?

Mr. PETERSON. Yes.

The CHAIRMAN. I don't suppose this had anything to do with his retirement.

Mr. PETERSON. I think that would be a good question. I think anyone is entitled to make his own deduction.

The CHAIRMAN. Yes, sir. Thank you. Proceed.

Mr. KENNEDY. Mr. Chairman, should we continue this afternoon?

The CHAIRMAN. I am advised by counsel we can't conclude with this witness this morning. So we will stand in recess until 2 o'clock this afternoon.

(Whereupon, at 12:20 p. m., the hearing was recessed, to reconvene at 2 p. m. of the same day, with the following members present: Senators McClellan and Church.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the reconvening of the session were: Senators McClellan and Curtis.)

The CHAIRMAN. All right, Mr. Peterson, if you will resume the witness stand, please.

TESTIMONY OF VIRGIL W. PETERSON—Resumed

Mr. KENNEDY. Now, Mr. Chairman, this morning we went into the hoodlum control of the four different locals in Chicago of the Hotel and Restaurant Employees Union 278, 593, 450, and local 658. Now, on the other side, we also developed the connection that Louis Romano who was a member of the Capone syndicate, first is associated with the union and then is associated with the employers.

Were there any others other than Louis Romano who were associated with the employers side of this industry?

Mr. PETERSON. Well, of course, Romano was brought into the picture for the Chicago Restaurant Association by Abraham Teitelbaum, who was formerly attorney for Al Capone.

Mr. KENNEDY. Who is he?

Mr. PETERSON. He was formerly an attorney for Al Capone and maintained close relations with the members of the Capone syndicate.

Mr. KENNEDY. He was the attorney for Capone, and was it also established that he was a close associate of those in the Capone syndicate?

Mr. PETERSON. Many years ago, that is right.

Mr. KENNEDY. Was he a close associate of Capone other than being his attorney?

Mr. PETERSON. If you are going to be an attorney for a man like Capone, you have to be a close associate also.

Senator CURTIS. At that point, do you happen to know whether that is the same Mr. Teitelbaum that featured in the investigation of the tax scandals in 1951 and 1952?

Mr. PETERSON. He was involved in tax cases.

Senator CURTIS. I am informed by the staff it is the same individual. I happened to be a member of the House committee that conducted those investigations, and the name rang a bell with me.

Mr. PETERSON. I am sure it is the same.

Mr. KENNEDY. We have reviewed your questioning of Mr. Teitelbaum, and you did question him during that investigation.

Senator CURTIS. I had forgotten it, it has been so long ago.

Mr. KENNEDY. Now, Teitelbaum worked with the association for a number of years, did he not?

Mr. PETERSON. Yes, and he was brought into the picture as I understand it in this fashion: Around 1939 a very well respected restaurant owner by the name of Gus T. Drake had his place of business picketed and goons smashed his windows, and he was hit over the head himself or slugged with a baseball bat. Following this violence, that is when Abraham Teitelbaum was brought into the picture as a labor relations counsel for the Chicago Restaurant Association.

It was contended that because of Abraham Teitelbaum's relationship with members and officers of local 593 and the union there, he was able to perform very good service for the restaurant association, and also for the union. He was supposed to make around \$125,000 a year from that source.

Mr. KENNEDY. He received \$125,000 a year?

Mr. PETERSON. That was reported.

Mr. KENNEDY. He remained in that position, and I think, Mr. Chairman, that we will be able to establish that he did receive \$125,000 a year, and when he resigned in 1954 another man took his place, is that right?

Mr. PETERSON. That is right. I thought it was in 1953.

Mr. KENNEDY. What happened was he resigned and then came back again in 1954?

Mr. PETERSON. That is right. But at that time apparently in 1953, Teitelbaum lost some of his favor with officials of local 593, and during that period there was a lot of violence and a lot of difficulty, particularly involving a chain of restaurants known as the Marquis Restaurants, Inc. So Teitelbaum was then replaced as counsel for the Chicago Restaurant Association by Anthony V. Champagne.

Mr. KENNEDY. Who was Anthony V. Champagne?

Mr. PETERSON. Anthony V. Champagne has long been a close friend of many of the Capone hoodlums, and he has represented many of them, going back as far as 1945. Champagne represented Sam Mooney Giancana who is a right-hand man of Tony Accardo, in the purchase of some property. He represented a number of these individuals and he was in 1953 representing for a time this Anthony De Rossa who brought charges that police officers had manhandled him.

His brother, Dr. Carl Champagne, also appeared as a witness on behalf of DeRossa and Champagne has represented Ray Jones, Phil Katz, and others of the well known Capone syndicate wire service operators, and Joseph Icaro, and Carl Cananda, who operated gambling places in Cicero.

Rather interestingly in our investigation both in 1954 and in 1956—in 1954 there was a very notorious gambling joint called the "Wagon Wheel" on the northwest side of Chicago and this place had an alternate operating place at 6416 Gunnison. In August of 1956, we learned that this same place which is owned by the syndicate and operated by the syndicate was going to operate this big crap game. There was a sign on this syndicate place "Building for sale, call Estebrook 8834," which is the number of Anthony V. Champagne.

It also appears that Champagne appeared in connection with loans made on the same Giancana's River Road Motel. He arranged the loans; that is what the party who made the loans stated. Anthony

Champagne also brought into the picture as a labor relations counsel another hoodlum, a well-known Capone man, Sam English.

Mr. KENNEDY. Now, these individuals, Mr. Chairman, will all be witnesses later on during the hearing, and we have already touched on Mr. Champagne at an earlier hearing.

I believe that gives us a general outline. It was gangster and hoodlum infiltration into both the management side and into the labor-union side?

Mr. PETERSON. That is right.

The CHAIRMAN. Are there any questions, Senator Curtis?

Senator CURTIS. I have no questions at this time.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Rupcich.

Mr. RUPCICH. I would like just a moment; my counsel hasn't returned from lunch.

Mr. KENNEDY. Where is your counsel?

Mr. RUPCICH. I believe he went downstairs to lunch.

Mr. KENNEDY. We told him to be here at 2 o'clock.

Mr. RUPCICH. I will take a look in the hall.

The CHAIRMAN. We will stand at ease for 2 or 3 minutes.

Mr. KENNEDY. Mr. Chairman, we are now going into a new phase of the investigation. We have given the background of the employer association and we have given some background of the unions. Now we are going to explore how the union and the employers handle their labor-management relations and whether the union officials are, in fact, interested in the employees of the various restaurants in Chicago.

So as long as your attorney is not here, we will have to call Mr. McGann, then.

The CHAIRMAN. Do you solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MCGANN. I do.

TESTIMONY OF JOHN MCGANN

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. MCGANN. My name is John McGann, and I live at 9113 South Albany, Evergreen Park, and I am a part owner of the Beverly Woods Restaurant.

The CHAIRMAN. Do you waive counsel?

Mr. MCGANN. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. That is the Beverly Woods Restaurant?

Mr. MCGANN. In Chicago; yes.

Mr. KENNEDY. You are a part owner of that restaurant?

Mr. MCGANN. Yes, sir.

Mr. KENNEDY. Do you also have a part ownership in the Lincoln Heights Restaurant?

Mr. MCGANN. In Chicago Heights; yes.

Mr. KENNEDY. During the period of 1949 and 1950, you worked for Rupcich's Restaurant?

Mr. MCGANN. As manager; yes, sir.

Mr. KENNEDY. You were the general manager?

Mr. MCGANN. Yes, sir.

Mr. KENNEDY. Now, when that restaurant had opened, were you approached by any members of the Hotel and Restaurant Employees Union about having the waitresses and the other employees join the union?

Mr. MCGANN. Shortly after we opened, we were approached.

Mr. KENNEDY. When would that be?

Mr. MCGANN. In the early summer of 1950.

Mr. KENNEDY. When is that?

Mr. MCGANN. In the early summer of 1950, around June or July of 1950.

Mr. KENNEDY. Who approached you at that time?

Mr. MCGANN. Mr. O'Connor, James O'Connor.

Mr. KENNEDY. What was James O'Connor's position?

Mr. MCGANN. Business agent for the South Chicago Restaurant Union, I believe.

Mr. KENNEDY. I believe he is president of local 394.

Mr. MCGANN. I think he is now, and I didn't know whether he was at that time or not.

Mr. KENNEDY. Of the Cooks, Waiters, and Waitresses' Union?

Mr. MCGANN. Yes, sir.

Mr. KENNEDY. Could you tell us the conversation that you had with Mr. O'Connor?

Mr. MCGANN. Well, he came in shortly after we were opened as I said, and told me that he would like us to join the union, and at that time I told him I was just the manager and I would take it up with Mr. Rupcich, which I did.

(At this point the following members were present: Senators McClellan and Curtis.)

Mr. KENNEDY. That is Rupcich?

Mr. MCGANN. John Rupcich.

Mr. KENNEDY. Go ahead.

Mr. MCGANN. Mr. Rupcich had not had any previous experience in the restaurant business prior to opening this restaurant, and I had had some. I knew of the restaurant association. I suggested that I go down and talk to the Chicago Restaurant Association and find out if they had any comment or advice that they could give me on this matter. So I called up and made a date to go down there and did go down and talk to Mr. Kiscaw of the Chicago Restaurant Association.

Mr. KENNEDY. K-i-s-c-a-u?

Mr. MCGANN. That is correct, sir.

Mr. KENNEDY. What was his position in the restaurant association?

Mr. MCGANN. I think he was the executive secretary of the Restaurant Association at the time.

Mr. KENNEDY. And he stills holds that position, does he?

Mr. MCGANN. As far as I know, he does, yes, sir.

Mr. KENNEDY. Would you relate to the committee what your conversation was about?

Mr. MCGANN. At that time I told him I had been approached by Mr. O'Connor to put our employees in the union, and at that time I was aware that there was a movement underfoot which was by some other restaurant owners on the South Side of Chicago, and that there

had been talk of forming a voluntary committee and contributing funds to see if they could not fight this type of union organization.

He knew of such a movement. In fact, he gave me some information on it.

MR. KENNEDY. What did he say about it?

MR. MCGANN. He said yes, that they had had several meetings on that, and that they were in the process of organizing such a group.

MR. KENNEDY. That was to fight unionization of your restaurants, is that right?

MR. MCGANN. That is correct.

Senator CURTIS. At that point, may I ask: Was it to fight all unionization of restaurants?

MR. MCGANN. No, not necessarily. I mean to help us in our labor relationship. Let's put it that way.

Senator CURTIS. The reason I was prompted to that question was that your remark was to fight this type of unionization.

MR. MCGANN. Well, it was the only type I knew of at the time, sir.

Senator CURTIS. Had you run into any situations where the employees themselves got together and formed a union?

MR. MCGANN. I had never, not in my experience, no, sir.

Senator CURTIS. All right.

MR. KENNEDY. What information had you had as to how this unionization was fought in the past?

MR. MCGANN. How it was fought, sir?

MR. KENNEDY. Yes.

MR. MCGANN. Up to that time, I had none.

MR. KENNEDY. What did Mr. Kiscaw indicate to you?

MR. MCGANN. He told me that there was a movement underfoot to form a committee such as this group, and that there would be a voluntary contribution to it, and these funds would be used for legal services and other means of helping with us our labor problems.

MR. KENNEDY. Did he indicate to you or did you learn as to how this kind of problem had been handled in the past?

MR. MCGANN. No, I did not know that.

MR. KENNEDY. Well, continue.

MR. MCGANN. At that, I went back and talked to Mr. Rupcich, and he agreed we should join the restaurant association. He thought it was a good idea, and so did I. We made application and did join the restaurant association.

Shortly after we were a member of the restaurant association, Mr. O'Connor came back, and I believe his only comment at this time was, "I see you have joined the restaurant association," and I said, "Yes, we have," and he said, "Well, that is all right."

And then he walked out. There was no further comment. Then the next thing I know is a short time after that, one morning, there were pickets in front of Rupcich's restaurant. At that time—I was not there the day it came, I was in the hospital—Mr. Rupcich called me and told me there were pickets there. I suggested he call the restaurant association right away, and I would try to get there as soon as I could. I was able to get out of the hospital for a short time and I came back to the restaurant and got there around 4 o'clock in the afternoon. At that time, Mr. Kiscaw had made arrangements for a Mr. Tietelbaum.

MR. KENNEDY. Who was Mr. Tietelbaum at that time?

Mr. McGANN. At that time I did not know who he was. But since then, he was the lawyer for the restaurant association.

Mr. KENNEDY. What did you understand the arrangements were?

Mr. McGANN. Well; there was a conversation over the phone, I believe, at first, between Mr. Tietelbaum and Mr. O'Connor, as to how many members would be put in the union, and there was a little bit of quibbling, I think, whether it was 6, 7, or 8.

Mr. KENNEDY. Approximately how many employees did you have at that time?

Mr. McGANN. I would guess about 20 to 25, sir.

Mr. KENNEDY. And there was going to be just a selection of seven names to be put into the union?

Mr. McGANN. That is correct.

Mr. KENNEDY. Just any seven people?

Mr. McGANN. Nobody stipulated who they had to be. There was no stipulation as to who they had to be. They were picked at random, I believe.

Mr. KENNEDY. Can you speak a little more clearly?

Mr. McGANN. They were picked at random.

Mr. KENNEDY. Just seven names were picked out?

Mr. McGANN. Right.

Mr. KENNEDY. And they were just placed on the union rolls; is that right?

Mr. McGANN. That is correct.

(At this point, Senator Church entered the hearing room.)

Mr. KENNEDY. What about their dues?

Mr. McGANN. They were paid by check, by Mr. Rupcich.

Mr. KENNEDY. He paid the dues and initiation fees?

Mr. McGANN. Yes, sir.

Mr. KENNEDY. Do you know how much he paid?

Mr. McGANN. I don't know the exact amount; no, sir. I believe it was around \$3 per employee, or \$21 for the first month.

Mr. KENNEDY. Were the employees ever consulted about it?

Mr. McGANN. No, sir.

Mr. KENNEDY. Were they ever told that they were in the union?

Mr. McGANN. I don't know that they were.

Mr. KENNEDY. You have no information? You were general manager?

Mr. McGANN. Yes, and I didn't tell them.

Mr. KENNEDY. And you have no information that the union ever consulted with any of these people?

Mr. McGANN. Not that I know of.

Mr. KENNEDY. It was just a question of selecting any seven names and paying the initiation fees and the dues of those people and then the union went away?

Mr. McGANN. That is correct.

Mr. KENNEDY. There was never any discussion about wages, hours, or conditions?

Mr. McGANN. No, sir.

Mr. KENNEDY. And while you remained as general manager of the restaurant, did the union ever come back or a representative of the union ever come back and discuss this matter with you as far as the wages or the hours?

Mr. McGANN. No, sir.

The CHAIRMAN. What did you regard such an arrangement as that to be?

Was it just a shakedown?

Mr. McGANN. Well, it was an unfortunate situation we found ourselves in, sir.

The CHAIRMAN. I understand. You were confronted with either a picket line or making some arrangements on the order you have described?

Mr. McGANN. That is correct, sir.

The CHAIRMAN. And you regarded it as a shakedown, didn't you? Well, name it, if that isn't it. State what it is.

Mr. McGANN. I think it could be construed as that; yes, sir.

The CHAIRMAN. And the people whose names you selected and put in the union had no knowledge of it?

Mr. McGANN. To my knowledge they had no knowledge of it; that is right, sir.

The CHAIRMAN. In other words, you did not say anything to them about it?

Mr. McGANN. No, sir; I didn't.

The CHAIRMAN. You never at any time told them about it?

Mr. McGANN. I did not; no, sir.

The CHAIRMAN. Well, did they ever indicate to you they knew they were in the union?

Mr. McGANN. No, sir; they did not.

The CHAIRMAN. You paid the initiation fees?

Mr. McGANN. I didn't, but Mr. Rupcich did.

The CHAIRMAN. All right. The business paid it?

Mr. McGANN. The business paid it; yes, sir.

The CHAIRMAN. They paid the initiation fees. What were those fees?

Mr. McGANN. I couldn't tell you the exact amount because it was 8 years ago. I believe the dues were \$3 per employee or \$21 per month, but what the initiation fee was, I don't know.

The CHAIRMAN. You don't recall what it was?

Mr. McGANN. I don't remember what it was.

The CHAIRMAN. In other words, by this arrangement, part of your employees were in a union, not a union of their choice, not with their knowledge, and you were handling this as a business expense of the restaurant?

Mr. McGANN. That is correct, sir.

The CHAIRMAN. It was charged off as a business expense; was it not?

Mr. McGANN. I believe it is, sir.

The CHAIRMAN. Therefore, it wouldn't be taxable; is that correct?

Mr. McGANN. That is correct, sir.

The CHAIRMAN. That is another way of getting around paying taxes.

Mr. McGANN. You can say it, yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Did you know that under section 302 of the Taft-Hartley Act, making this kind of payments is a violation of the law, and you can be subject to a year in prison and a \$10,000 fine?

Mr. McGANN. No, I did not, sir.

Mr. KENNEDY. When did you leave the employment of Rupcich?

Mr. McGANN. Approximately 2 years later, in 1952.

Mr. KENNEDY. Did you then form your own restaurant?

Mr. McGANN. Not at that time, no. I went to work for another restaurant.

Mr. KENNEDY. After a while did you form a restaurant?

Mr. McGANN. Yes, I did. Three years ago.

Mr. KENNEDY. What was the name of that?

Mr. McGANN. The Beverly Woods Restaurant.

Mr. KENNEDY. Located where?

Mr. McGANN. 11532 Southwestern in Chicago.

Mr. KENNEDY. How many employees have you there?

Mr. McGANN. We have approximately 50 employees.

Mr. KENNEDY. Were you approached about bringing those individuals into the union?

Mr. McGANN. Shortly after we were opened we were approached, yes, sir.

Mr. KENNEDY. Did you go to the restaurant association then?

Mr. McGANN. No, I did not, sir.

Mr. KENNEDY. Why didn't you go at that time?

Mr. McGANN. I felt I didn't have to, sir.

Mr. KENNEDY. That you could make this deal yourself?

Mr. McGANN. Yes, sir.

Mr. KENNEDY. Formerly this deal had been made through Mr. Kiscan and through Tietelbaum and you felt you could handle this yourself?

Mr. McGANN. Yes, sir.

Mr. KENNEDY. All right. What did you do then?

Mr. McGANN. Well, Mr. O'Connor came in, and after conferring with him on several occasions we agreed on the number of employees, either 12, 13, or 14, something similar to that, I am not sure exactly. I think it was 12.

Mr. KENNEDY. Did you then pay the initiation fees?

Mr. McGANN. Yes, we did.

Mr. KENNEDY. And the dues?

Mr. McGANN. Initially I did, yes, sir. Since then we have taken the dues out of the employees' pay.

Mr. KENNEDY. Did you select the names of the people that were to be put into the union?

Mr. McGANN. Yes.

Mr. KENNEDY. You selected them initially?

Mr. McGANN. Yes, sir.

Mr. KENNEDY. Did you tell your employees that they were in the union?

Mr. McGANN. Yes; they all knew it.

Mr. KENNEDY. Did you then start deducting the dues from their salaries?

Mr. McGANN. Yes; we did, sir.

Mr. KENNEDY. Had they given you a card with permission to deduct the dues?

Mr. McGANN. No, sir; they did not.

Mr. KENNEDY. You just told them you were deducting the dues?

Mr. McGANN. Well, we had a meeting, sir, and I told them that we would, yes.

Mr. KENNEDY. Do you know whether in this restaurant you are paying union rates or not?

Mr. MCGANN. I do not know that, sir.

Mr. KENNEDY. Did anybody from the union ever discuss that with you?

Mr. MCGANN. No, sir; they did not.

Mr. KENNEDY. Did anybody from the union ever discuss wages, hours, or conditions with you?

Mr. MCGANN. No, sir.

Mr. KENNEDY. They just received the initiation fees and the dues of the employees and then left, is that right?

Mr. MCGANN. That is correct, sir.

Mr. KENNEDY. That is the only thing they were interested in?

Mr. MCGANN. It seems so.

Mr. KENNEDY. You do not even know what you are supposed to be paying your employees?

Mr. MCGANN. No, sir; I do not.

Mr. KENNEDY. What about your second restaurant that you just opened up?

Mr. MCGANN. That has just been opened about 5 months now, sir.

Mr. KENNEDY. Have you been approached by the union on that?

Mr. MCGANN. Yes; I have, by the same union.

Mr. KENNEDY. By the same individuals?

Mr. MCGANN. The same individual, yes, sir.

Mr. KENNEDY. O'Connor, again?

Mr. MCGANN. James O'Connor, yes, sir.

The CHAIRMAN. He is still operating?

Mr. MCGANN. Apparently he is, sir.

Mr. KENNEDY. Have you made any arrangements with him on that?

Mr. MCGANN. I have discussed it with him, but we have not made anything definite on it; no, sir.

Mr. KENNEDY. But you will make the same deal, if you can?

Mr. MCGANN. If I have to, I will.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I will wait until Mr. Kennedy finishes this point.

Mr. KENNEDY. Mr. Chairman, may I just read into the record this provision of the Taft-Hartley Act, section 302 (a):

It shall be unlawful for any employer to pay or deliver or to agree to pay or deliver any money or other thing of value to any representative of any of his employees who are employed in an industry affecting commerce.

Section (c):

The provisions of this section shall not be applicable—

and then it says under section 4:

With respect to money deducted from the wages of employees in payment of membership dues in a labor organization; provided that the employer has received from each employee on whose account such deductions are made a written assignment which shall not be irrevocable for a period of more than 1 year or beyond the termination date of the applicable collective agreement, whichever occurs sooner.

And then (d), says:

Any person who willfully violates any provision of this section shall upon conviction thereof be guilty of a misdemeanor and be subject to a fine of not more than \$10,000 or imprisonment of not more than 1 year or both.

What you did in the restaurant that you owned, you paid the initiation fees and the dues for the first month without consulting your employees?

Mr. McGANN. That is correct.

Mr. KENNEDY. And then the deduction was made at a later time without the written permission of the employees, is that correct?

Mr. McGANN. Yes, sir; that is correct.

Mr. KENNEDY. Mr. Chairman, we made a study of the wages of some of these restaurants that we are going to have witnesses on before the committee. First, however, Senator Curtis has some questions.

Senator CURTIS. How many employees do you have now?

Mr. McGANN. Between 50 and 55.

Senator CURTIS. How many of them belong to the union?

Mr. McGANN. Fifteen of them, sir.

Senator CURTIS. How are their dues paid at the present time?

Mr. McGANN. They are deducted from their salary and they are paid by check once every 3 months.

Senator CURTIS. They are deducted from their salaries?

Mr. McGANN. Yes, sir.

Senator CURTIS. Did any of those employees ever ask you to do that?

Mr. McGANN. Did they ask me to? No, sir; they did not.

Senator CURTIS. Do you know whether any of them ever attended a union meeting?

Mr. McGANN. I don't believe they do, sir.

Senator CURTIS. Do they get any benefits from it?

Mr. McGANN. None that I know of, sir.

Senator CURTIS. Why do you take the money away from them?

It is their money. They earned it.

Mr. McGANN. That's right.

Senator CURTIS. Why did you take it?

Mr. McGANN. Well, we have to pay the dues, and at the time we were organized, sir, I did not have the money to pay it myself or I would have.

Senator CURTIS. You would be violating the Federal statute any way you run. But why did you take their money?

Mr. McGANN. We had a meeting and they agreed that they would pay the dues, sir.

Senator CURTIS. Fifteen of them agreed that they would pay the dues?

Mr. McGANN. All the waitresses at the time agreed that they would pay the dues; yes, sir. Any of the girls that were working. There was no objection voiced when we told them that we were going to belong to the union.

Senator CURTIS. You told them that they were going to belong to the union?

Mr. McGANN. Yes, sir.

Senator CURTIS. They didn't do their own organizing?

Mr. McGANN. No; they did not.

Senator CURTIS. These 50 or 55 employees, of them how many are waitresses?

Mr. McGANN. About 25 of them.

Senator CURTIS. And 15 of them agreed to pay dues, how about the other 10?

Mr. McGANN. Well, they also pay dues, sir. In other words, we deduct a dollar from each one of their wages per week.

Senator CURTIS. You deduct from all of them?

Mr. McGANN. From all of the waitresses after they are working there; yes, sir.

Senator CURTIS. You took money out of the paychecks of some of them whose names weren't even sent to the union?

Mr. McGANN. Well, they get into the union. Every 3 months when Mr. O'Connor comes, the ones who have left, he picks up their books and new girls are put in, sir.

Senator CURTIS. But you have about 25 waitresses continuously?

Mr. McGANN. That is correct; yes, sir.

Senator CURTIS. And you take money from all 25 and pay dues for 15, is that right?

Mr. McGANN. That is correct, sir.

Senator CURTIS. And they said that was all right?

Mr. McGANN. Yes, sir; they agreed to it.

Senator CURTIS. Each one of them?

Mr. McGANN. We had a meeting, sir, and they did not object to it.

Senator CURTIS. How many times did you have such a meeting?

Mr. McGANN. We had a meeting for the union. That was one meeting, sir. We have periodic meetings. We don't discuss these union problems at every meeting.

Senator CURTIS. How many times did you discuss this dues business?

Mr. McGANN. Just the one time, sir.

Senator CURTIS. When was that?

Mr. McGANN. Shortly after we opened.

Senator CURTIS. When?

Mr. McGANN. Back in 1955; 3 years ago.

Senator CURTIS. Of your 25 waitresses that you have now, how many have been with you since 1955?

Mr. McGANN. I would say about 4 or 5.

Senator CURTIS. So at the most, only 4 or 5 have ever agreed to this. Is that true?

Mr. McGANN. That was all that was there, probably, on the initial meeting; yes, sir.

Senator CURTIS. So it isn't true that the 25 who are paying into this have agreed to it, is it?

By your own testimony, you say you brought it up once in 1955, and you only have 4 or 5 of those waitresses left. Isn't that true?

Mr. McGANN. That is correct, sir.

Senator CURTIS. So when you said a bit ago that they agreed to it, at least 20 of them have not agreed to it, is that correct?

Mr. McGANN. Well, they did not agree to it at the original meeting, and I have not discussed it with them, but it has been discussed informally among all of us.

Senator CURTIS. But they have never agreed to it?

Mr. McGANN. Pardon me?

Senator CURTIS. They have never agreed to it?

Mr. McGANN. I didn't understand you.

Senator CURTIS. They have never agreed to it?

Mr. McGANN. Not formally or written; no, sir.

Senator CURTIS. Or any other way?

Mr. McGANN. Yes; they have agreed. They know that the situation exists.

Senator CURTIS. But you said that you only brought this up in your first meeting, and you have about 20 waitresses that were not even employees then. Isn't that correct?

Mr. McGANN. That is correct, sir.

Senator CURTIS. You knew that they were not getting any union benefits?

Mr. McGANN. Yes, sir.

Senator CURTIS. For whose benefit, then, was this money paid to the union?

Mr. McGANN. I think for all of ours, sir, that work at the Beverly Woods Restaurant.

Senator CURTIS. For what?

Mr. McGANN. For all of us that work at the Beverly Woods Restaurant.

Senator CURTIS. How would it help your waitresses?

Mr. McGANN. It provides a job for them, sir.

Senator CURTIS. They couldn't have a job any other way?

Mr. McGANN. I didn't say they couldn't have a job. But they all seem to be willing to work at our place under the conditions that exist.

Senator CURTIS. It seems like to me, when we dig into these corrupt situations, that the worker is just a pawn. Management and union bosses just move them around like they were chessmen, for their convenience, their gain, and their enrichment. That is all, Mr. Chairman.

The CHAIRMAN. I just want to ask you: How much do you pay into this union a month out of your establishment?

Mr. McGANN. How much do we pay into it out of our restaurant?

The CHAIRMAN. Yes.

Mr. McGANN. I could not answer that, sir.

The CHAIRMAN. Well, you have 25 people working for you.

Mr. McGANN. It is \$4 a month for employee, and for each new employee we put in, there is a charge of, I think it is \$12 initiation fee, and it varies from month to month.

The CHAIRMAN. Then for dues alone you pay in about \$100 a month?

Mr. McGANN. That is correct, sir.

The CHAIRMAN. Then you pay in for each new member about \$12 initiation fee?

Mr. McGANN. That is correct, sir.

The CHAIRMAN. Do you have any conferences with the union with respect to terms of employment, working conditions, or anything else for the benefit of those who work for you?

Mr. McGANN. No; I don't sir.

The CHAIRMAN. Have they ever requested any such arrangements or any such conferences?

Mr. McGANN. No; they have not.

The CHAIRMAN. What you are actually doing, then, is collecting from these working people \$4 a month out of their wages, plus \$12 when they start working with you, and paying tribute to a union that is nothing but a shakedown racket. That is the truth about it, isn't it?

Mr. McGANN. Yes, sir.

The CHAIRMAN. And you are caught in a situation there where you are helpless, you can't do anything about it, other than close your business?

Mr. McGANN. That is right, sir.

The CHAIRMAN. You would be driven out of business if you didn't pay tribute to this gang of hoodlums.

Mr. McGANN. If they put pickets in front of our place, we can't operate.

The CHAIRMAN. That puts you out of business.

Mr. McGANN. Yes, sir.

The CHAIRMAN. So you are a victim of circumstances. You either have to pay off to this criminal element that is operating in that fashion, or go out of business?

Mr. McGANN. That is right, sir.

The CHAIRMAN. Is that correct?

Mr. McGANN. Yes, sir.

The CHAIRMAN. If there is anything wrong with what I have said, and you are a party to it, you are there, the victim of it, if there is anything wrong with what I have said about it, I wish you would correct me.

Mr. McGANN. Well, as far as the background goes that you are speaking of, sir, my first knowledge of the background was here this morning, listening to the testimony that I heard.

The CHAIRMAN. I will take the responsibility for the background that I referred to.

Mr. McGANN. All right, sir.

The CHAIRMAN. But whatever the background is, it operates as a shutdown racket so far as you are concerned.

Mr. McGANN. Yes, sir.

The CHAIRMAN. You get no benefit from it, neither do your workers get any benefit from it, except this crowd decrees that you may stay in business and they may have their jobs, if you pay tribute.

Mr. McGANN. Yes, sir.

Senator CHURCH. Mr. Chairman, I would just like to observe in connection with your statement that I think that perhaps it is not the witness here, Mr. McGann, who pays tribute to maintain the privilege of operating his restaurant without pickets thrown about it, but his employees who pay the tribute, because the deductions are made from the paychecks of his employees who get no representation and no benefit from it.

The CHAIRMAN. Well, I do not know whether you were here—

Senator CHURCH. I believe that just worsens the picture.

The CHAIRMAN. Yes. I don't know whether you were here or not when he testified about another business where the company or the restaurant, the business, itself, paid both the initiation fee and the dues to stay in business.

Senator CHURCH. I heard the witness say that initially the company paid dues, but later they were taken from the pay checks of the employees.

But in any case, here clearly is demonstrated the operations of a labor union that is a union by name, and certainly not in substance, that is conducting a shutdown operation from which the employees derive no benefit whatsoever.

Tell me, Mr. McGann, since you have entered into this arrangement with local 394, and have been making these payments, have you purchased peace in that you have no trouble with pickets?

Mr. McGANN. I have had no trouble with them at all, sir.

Senator CHURCH. But you have now every reason to believe that if you were to discontinue these deductions and these payments, that trouble might ensue?

Mr. McGANN. Well, just 5 blocks away from me, the Nantucket Restaurant had a strike for 2 years at the same time we opened our place.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. McGann, actually, when the union came in there it cost the employees some wages, did it not, because they did not get an increase in wages at the time you started making the deductions?

Mr. McGANN. That is right, sir.

Mr. KENNEDY. So actually the union cost the employees money and brought no benefit?

Mr. McGANN. That is correct.

Mr. KENNEDY. On the other hand, we were talking about the union officials' gain from this because of the money that was paid in, but also you gained as the employer, did you not, because through this arrangement there was no enforcement of any contract as far as wages, hours, and conditions are concerned?

Mr. McGANN. Well, there was no talk of a contract, no, sir.

Mr. KENNEDY. What you received, in effect, was a sweetheart arrangement with the union, was it not?

Mr. McGANN. Well, I don't know what that exactly means, but we have no trouble with unions.

Mr. KENNEDY. For the payment of this money.

Mr. McGANN. That is right.

Mr. KENNEDY. And, in fact, your employees, the majority of your employees, do not receive union scale.

Mr. McGANN. I don't know what union scale is.

Mr. KENNEDY. We have a witness here who will give you some information on the situation in your restaurant.

Senator CURTIS. Where is your restaurant located?

Mr. McGANN. 11532 Southwestern, and there is another restaurant that just opened up in Chicago Heights, where we do not belong to a union as yet.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GOTSCH. I do.

TESTIMONY OF GERALD GOTSCH

The CHAIRMAN. State your name, your place of residence, and your business.

Mr. GOTSCH. My name is Gerald Gotsch, from Chicago, Ill. I work for the General Accounting Office.

The CHAIRMAN. You have been performing services for this committee, have you?

Mr. GOTSCH. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. How long have you been with the Government?

Mr. GOTSCH. For about 2 years.

Mr. KENNEDY. I might say, Mr. Chairman, Mr. Gotsch has been working with the committee for some time and has been a great help and assistance in our Chicago office and has been working on this particular case now for some months.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Gotsch, have you made a study of the restaurant that is owned by Mr. McGann, the witness?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. Have you made a comparison and a study of the salaries that are paid to the employees?

Mr. GOTSCH. Yes, I have.

Mr. KENNEDY. Could you tell us—what do the records show as to how many employees worked for that restaurant?

Mr. GOTSCH. At the time of my examination, sir, there were 65 employees at the Beverly Woods Restaurant.

Mr. KENNEDY. Now, how were they broken down?

Mr. GOTSCH. There were 30 waitresses, and there were miscellaneous workers amounting to 22 employees, and bartenders, also.

Mr. KENNEDY. Now, of the 30 waitresses, how many were union?

Mr. GOTSCH. Twenty-nine were union, sir.

Mr. KENNEDY. Twenty-nine?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. What is the wage scale for waitresses?

Mr. GOTSCH. Sixty-seven cents an hour is union scale.

Mr. KENNEDY. What were the waitresses in Mr. McGann's Restaurant being paid?

Mr. GOTSCH. It varied, depending on whether they worked full-time, lunches, or dinners.

Mr. KENNEDY. How many of the 30 were being paid below union scale?

Mr. GOTSCH. Twenty-nine.

Mr. KENNEDY. They were being paid below union scale?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. How many of the 29 that are union are being paid below union scale?

Mr. GOTSCH. All of them are being paid below union scale.

Mr. KENNEDY. The only one not being paid below union scale is the one that is nonunion?

Mr. GOTSCH. No; she is also being paid below union scale, but she is nonunion.

Mr. KENNEDY. That must mean 28 out of the 29?

Mr. GOTSCH. No; all 30.

Mr. KENNEDY. They are being paid below union scale?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. Including the 29 members of the union?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. Now, what are some of the waitresses getting paid there?

Mr. GOTSCH. The waitresses that work lunches and dinners are paid \$2 for doing that.

Mr. KENNEDY. Give us the hourly rate for some of these waitresses.

Mr. GOTSCH. Well, in that particular case, the scale is set up on a meal basis.

Mr. KENNEDY. Well, let us compare it with the 67 cents. You said the waitresses get paid 67 cents.

Mr. GOTSCH. They are being paid 50 cents on hour.

Mr. KENNEDY. That is some 17 cents below union scale.

Mr. GOTSCH. That is right.

Mr. KENNEDY. Are any of the other employees in similar circumstances?

Mr. GOTSCH. Well, most of the other employees except for the bartenders are nonunion, but for instance in the miscellaneous category, all of them are nonunion, and 11 are being paid below union scale, and 11 are being paid above.

Mr. KENNEDY. That is the nonunion?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. What about the bartenders?

Mr. GOTSCH. The bartenders are all being paid the scale.

Mr. KENNEDY. Are they union or nonunion?

Mr. GOTSCH. There are 3 union and 4 nonunion.

Mr. KENNEDY. So it amounts to a disadvantage, does it not, to be a member of the union as far as working at that particular restaurant is concerned?

Mr. GOTSCH. Yes.

Mr. KENNEDY. You have got more chance of being paid above union scale if you are not a member of the union; is that right?

Mr. GOTSCH. That is right.

Mr. KENNEDY. Could you tell the committee what this saves the restaurant over a period? What would they have to pay in union dues, or what are paid in union dues per year by this establishment?

Mr. GOTSCH. The total is about \$1,200.

Mr. KENNEDY. That goes to the union?

Mr. GOTSCH. Yes, sir; that is taken out of their salaries.

Mr. KENNEDY. Approximately \$1,200?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. What were you able to compute as to the savings to this restaurant by the fact that they do not meet union scale for their employees?

Mr. GOTSCH. They save \$21,300, approximately.

Mr. KENNEDY. It is a saving of approximately \$21,300?

Mr. GOTSCH. That is right.

Mr. KENNEDY. That is a year?

Mr. GOTSCH. That is a yearly figure.

Mr. KENNEDY. How much does it cost a waitress, for instance, in wage for a week? Do you have any computation on that?

Mr. GOTSCH. Pardon me.

Mr. KENNEDY. For instance, how much does it cost one waitress in wages a week by not being paid union scale?

Mr. GOTSCH. I have a daily figure here. The hourly waitresses working 8-hour shift lose about \$1.36 a day because they are not paid scale, and the girls that work lunches lose \$1.23 a day, and the girls that work dinner, in comparison with union scale, lose \$1.61 per day.

Mr. KENNEDY. This would range anywhere from approximately \$6 to \$8 a week?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. That it costs each one of these employees?

Mr. GOTSCH. That is right.

Mr. KENNEDY. By the fact that the union contract is not being enforced?

Mr. GOTSCH. Plus the fact they have to pay their union dues.

Mr. KENNEDY. Plus the deduction?

Mr. GOTSCH. That is right.

TESTIMONY OF JOHN McGANN—Resumed

Mr. KENNEDY. Mr. McGann, I take it that you are truthful in your answer that you did not know. What it amounts to is that you did receive what is a "sweetheart" contract with the union in this arrangement.

Mr. McGANN. Could I say something along the lines of what he just said?

Mr. KENNEDY. Yes.

Mr. McGANN. When you talk about a union scale for a waitress, I would like to know just how that is computed. Is there any provision for meals and things of that nature, and uniforms?

Now, in other words, I want to be as fair as I can with you and I expect you to be as fair as you can with me, in reference to this: I think from the general opinion of all of the people here, me and my organization here are painted to be quite Scrooge-like in our dealings with our employees, and yet I can say here right now in front of them, because I am sure they are watching me in Chicago, that I don't think that there is any better labor relationship between employee and employer than there is between myself and my employees.

Although those figures are correct because Mr. Gotsch was in and saw my books, he doesn't know of any of the extenuating circumstances that go around this.

Mr. KENNEDY. I think it is very possible, maybe the union is putting the scale above what anybody could afford to pay.

Mr. McGANN. Not necessarily that, but the main thing I was going to bring out, for instance, is this: I could afford to pay my employees 75 cents or 80 cents or \$1 an hour and then, like a lot of restaurants, charge them \$1 or \$2 a day for meals.

In our case, we don't do that. Other restaurants I know pay a higher scale for instance for the waitresses, and then at the end of the day deduct \$2 for their meals that they eat there.

That is, I think, a point that should be brought out right at this time.

Senator CURTIS. What arrangements do you have about uniforms?

Mr. McGANN. The girls buy their own uniforms. We buy the uniforms and then the girls purchase them from us. If you will go over our figures you will find it is a substantial loss as a result of that. We originally bought the uniforms for the girls, but because of careless use of them we had to put a charge on them. In doing that, I mean, uniforms become very expensive things. Even though we in effect collect money for the uniforms, we lose an awful lot of money as a result of that because we don't collect but one-third of the money that uniforms cost us.

Mr. GOTSCH. I would like to make a comment on this. As far as the union scale is concerned, it does not have anything to do with meals. The union contract or agreement booklet that the union furnishes says that these scales do not include meals, and meals are over and above this.

Mr. McGANN. I am not aware of what the contract says, but I thought I would like to point out to you our particular arrangement with our employees, between us and our employees, is very satisfactory, I am sure.

Mr. KENNEDY. And the point is that the representatives of the union never contacted you about the salaries, or the way you were treating your employees?

Mr. McGANN. That is correct.

Mr. KENNEDY. You were never contacted after you started paying the dues, isn't that correct?

Mr. McGANN. That is correct.

Mr. KENNEDY. They never evidenced any interest in it. Just on a factual basis of examining what the union scale should be, we have come up with these figures, and now they have to speak for themselves. I appreciate your stating your position on it.

Mr. McGANN. Yes, sir.

The CHAIRMAN. Well, there is one thing that stands out clearly, that all they were interested in, those who tried to organize your shop and made these arrangements, all they were interested in was the money and nothing else. They manifested no interest in your welfare or the welfare of your help or anyone else?

Mr. McGANN. That is right, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. That is all for now.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Now, Mr. Rupcich.

The CHAIRMAN. Do you solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RUPCICH. I do.

TESTIMONY OF JOHN RUPCICH, ACCOMPANIED BY HIS COUNSEL, WILLIAM J. LANCASTER

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. RUPCICH. I am John Rupcich, of Chicago, Ill., and my place of business is Rupcich's Restaurant.

The CHAIRMAN. Do you have a restaurant by that name?

Mr. RUPCICH. Yes, sir.

The CHAIRMAN. It is located where?

Mr. RUPCICH. 106th and Indianapolis Boulevard.

The CHAIRMAN. That is your residence also?

Mr. RUPCICH. Yes, sir.

The CHAIRMAN. You have counsel to represent you?

Mr. RUPCICH. Yes, sir.

The CHAIRMAN. Will you identify yourself for the record, please?

Mr. LANCASTER. William J. Lancaster, 111 West Washington Street, Chicago 2, Ill.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Rupcich, you opened a restaurant in Chicago in 1950?

Mr. RUPCICH. That is right.

Mr. KENNEDY. And you had Mr. McGann as your general manager?

Mr. RUPCICH. That is right.

Mr. KENNEDY. You were approached shortly after opening up by the union representative about organizing your employees?

Mr. RUPCICH. That is right.

Mr. KENNEDY. Then you were approached by James O'Connor, of the union?

Mr. RUPCICH. Yes, sir.

Mr. KENNEDY. Did you personally have any conversations with Mr. O'Connor?

Mr. RUPCICH. No; I did not.

Mr. KENNEDY. Then you had some conferences after that, did you not, with the representatives of the restaurant association?

Mr. RUPCICH. Yes, sir.

Mr. KENNEDY. With whom did you talk down there?

Mr. RUPCICH. I talked once with Mr. Kiesaw.

Mr. KENNEDY. With anyone else?

Mr. RUPCICH. Well, the morning that the strike was settled, with Mr. Teitelbaum.

Mr. KENNEDY. I am talking about prior to the time they put pickets there, did you have any conversations with them?

Mr. RUPCICH. No.

Mr. KENNEDY. Now, you had these conversations and then did the union come along and place pickets in front of your restaurant; did they?

Mr. RUPCICH. I didn't have any conversations with anyone before the pickets were there.

Mr. KENNEDY. All right, after the pickets were there?

Mr. RUPCICH. After the pickets came; yes.

Mr. KENNEDY. Will you tell what happened then?

Mr. RUPCICH. One morning my wife awakened me and said that the building was surrounded by pickets, and I immediately called Mr. McGann and he said to get in touch with the association, and that he would be out. So later that afternoon Mr. McGann came out and he handled the situation after that. The pickets left that afternoon and the next morning they were there again, and Mr. Teitelbaum came out and settled the strike, and sent the pickets on their way.

Mr. KENNEDY. How did he settle the strike?

Mr. RUPCICH. He was just there that morning, and they walked into the place, and he walked in with Mr. O'Connor, and asked me if it was satisfactory.

Mr. KENNEDY. Was Mr. Kiesaw there at that time?

Mr. RUPCICH. No; he was not.

Mr. KENNEDY. He had arranged for Mr. Teitelbaum to come out?

Mr. RUPCICH. That is right.

Mr. KENNEDY. And Mr. Teitelbaum, when he arrived there, he had some conferences with Mr. O'Connor, and they were able to settle the strike?

Mr. RUPCICH. I believe so.

Mr. KENNEDY. What were the arrangements that were made?

Mr. RUPCICH. I don't know what arrangements were made. All I know is that Mr. McGann asked me if seven employees was all right, and it was all right, and I said, if he thought so, fine.

Mr. KENNEDY. You would agree to pay \$21 a month, is that right?

Mr. RUPCICH. That is right, plus the initiation.

Mr. KENNEDY. How much was the initiation?

Mr. RUPCICH. I am not positive at this time.

Mr. KENNEDY. Approximately.

Mr. RUPCICH. I imagine it was about \$12, \$10 to \$12 per employee.

Mr. KENNEDY. \$10 or \$12.

Mr. RUPCICH. Per employee.

Mr. KENNEDY. That would be about \$100 altogether?

Mr. RUPCICH. That is right, sir.

Mr. KENNEDY. Did you pay that by check or by cash?

Mr. RUPCICH. All by check, sir.

Mr. KENNEDY. Did they tell you that you could select the employees?

Mr. RUPCICH. There was no stipulation made as to employees.

Mr. KENNEDY. Did you select any seven employees?

Mr. RUPCICH. That is right.

Mr. KENNEDY. Did you inform the employees?

Mr. RUPCICH. I did not.

Mr. KENNEDY. Did you inform them they were in the union?

Mr. RUPCICH. I did not.

Mr. KENNEDY. And you started paying the dues; is that right?

Mr. RUPCICH. That is right.

Mr. KENNEDY. Now, the ones that you selected were L. Pinkston?

Mr. RUPCICH. That is right, sir.

Mr. KENNEDY. Helen Young, Margaret Johnson, Rebecca Williams, Ann Toliggel, Mary Kemel, and B. Griffiths; is that right?

Mr. RUPCICH. That is right.

Mr. KENNEDY. Did you continue to pay dues for those seven individuals?

Mr. RUPCICH. Yes, sir; I did.

Mr. KENNEDY. For instance, L. Pinkston left your employment, according to your records, on September 2, 1950, and how long did you pay dues on her?

Mr. RUPCICH. Well, I just paid dues.

Mr. KENNEDY. In fact, you were paying dues on her when we began our investigation, in 1958?

Mr. RUPCICH. I believe so, sir.

Mr. KENNEDY. She had left your employment some 7½ years prior to that time?

Mr. RUPCICH. That is right.

Mr. KENNEDY. Helen Young, August 18, 1950?

Mr. RUPCICH. That is right.

Mr. KENNEDY. Margaret Johnson, February 21, 1951; Rebecca Williams, September 22, 1950?

Mr. RUPCICH. That is right.

Mr. KENNEDY. Ann Toliggel, August 26, 1950; Mary Kemel, November 11, 1950; and B. Griffiths, June 30, 1951?

Mr. RUPCICH. That is right.

Mr. KENNEDY. But you were paying dues on these seven individuals even up to 1958?

Mr. RUPCICH. As far as I know, that is correct.

Mr. KENNEDY. Are you still paying dues on those seven people?

Mr. RUPCICH. I believe so.

Mr. KENNEDY. You are just going to continue on the same individuals?

Mr. RUPCICH. I had been paying my dues every month.

Mr. KENNEDY. Well, have you ever had any conversations or conferences with the union officials regarding wages or hours or conditions for the employees?

Mr. RUPCICH. None at all.

Mr. KENNEDY. They never evidenced any interest in the wages of the employees?

Mr. RUPCICH. No, sir.

Mr. KENNEDY. They just wanted this amount of money each month; is that right?

Mr. RUPCICH. I believe so.

Mr. KENNEDY. They weren't interested in anything other than the money being paid?

Mr. RUPCICH. That is right.

Mr. KENNEDY. Now, Mr. Chairman, we have an affidavit from one of the employees, if we could read it into the record.

Senator CHURCH. Yes; it may be read into the record. Before you do that, Mr. Kennedy, I would like to ask the witness: What do you pay the \$21 a month for?

Mr. RUPCICH. Well, I just pay it for the right to operate, and just to be able to operate in a friendly way.

Senator CHURCH. You pay it in order to buy no trouble?

Mr. RUPCICH. That is right.

Senator CHURCH. Is this possible; that there are other advantages that might accrue to you by virtue of this \$21-a-month payment, other than no trouble? For example, you have heard testimony here this afternoon as to the local union scale in Chicago. Do you pay that scale in your own restaurant?

Mr. RUPCICH. Well, at the time I opened, my manager took care of the scale.

Senator CHURCH. Do you now pay that scale in your restaurant?

Mr. RUPCICH. I believe so, and I thought I was above scale.

Senator CHURCH. There is competitive advantage, then, you feel, in your cases, derived by virtue of this arrangement whereby you pay \$21 a month and have no trouble?

Mr. RUPCICH. That is right.

Senator CHURCH. I am thinking in terms of competition with other restaurants that may be paying the union scale, where the waiters and waitresses may be represented by legitimate unions, and are concerned with their welfare and are negotiating with their employers.

Mr. RUPCICH. I understand.

Senator CHURCH. And it seems to me that this kind of a situation could easily lend itself to conditions of unfair competition with restaurants that are organized legitimately and are paying union scale.

Mr. KENNEDY. Now, we have this affidavit, which we have received permission to read into the record.

The CHAIRMAN. The affidavit may be printed in the record.

(The document referred to follows:)

Mr. DUFFY (reading):

I, Mrs. Lucille Kertis, who reside at 2727 Birch Street, Whiting, Ind., freely and voluntarily make the following statement to LaVern J. Duffy, who has identified himself to me as a member of the staff of the United States Senate Select Committee on Improper Activities in the Labor-Management Field. No threats, force, or duress have been used to induce me to make this statement, nor have I received any promise of immunity from any consequences which may result from submission of this statement to the aforementioned Senate select committee.

In the year 1950, I was employed as a waitress at Rupcich Restaurant, located at 106th and Indianapolis Boulevard, Chicago, Ill. I left Rupcich's Restaurant in the latter part of 1950. During my employment at Rupcich's I did not join any union, nor was I ever contacted by any individual inquiring if I wanted to join a union.

Mr. Duffy, who has identified himself as a member of the Senate Select Committee on Improper Activities in the Labor-Management Field, informed me that I was, in fact, a member of Local 394 of the Hotel, Club, Restaurant Employees and Bartenders International Union while employed at Rupcich's. This information was a great surprise to me and was the first time I had ever been informed that I was a member of a union while employed at Rupcich's.

The first time I ever joined a labor union was in 1953, when I started working as a waitress at Phil Smidt & Son, Inc., located at Whiting, Ind. When I began my employment at this establishment, I was asked by a union representative if I wanted to join Local 32 of the Hotel, Club, Restaurant Employees and Bartenders International Union in Gary, Ind. I joined the union and, for the past 5 years, while a member of local 32, I have paid my own dues and am currently a member in good standing.

I have read the foregoing statement, and, to the best of my knowledge, it is true and correct.

LUCILLE KERTES.

Witnesses:

MARGARET KAWALEC.
JULIA JACKURA.

Sworn and subscribed to before me this 1st day of July 1958.

CLEO A. MYERS, *Notary Public*.

My commission expires February 20, 1962.

(At this point, the following members were present: Senators McClellan, Church, and Curtis.)

Mr. DUFFY. Her name, prior to her marriage, was Lucille Kingston.

Mr. KENNEDY. There are five individuals that you pay dues on since September 1950 that have not been employed at your restaurant; is that right? There are five employees that you have been paying dues on since September 1950 who have not been employed at your restaurant?

Mr. RUPCICH. That is right.

Mr. KENNEDY. And two since 1951?

Mr. RUPCICH. That is right.

Mr. KENNEDY. And none of them knew that they were in the union?

Mr. RUPCICH. As far as I knew, none of them knew that, sir.

Mr. KENNEDY. How many employees do you have in your restaurant?

Mr. RUPCICH. Today?

Mr. KENNEDY. Yes.

Mr. RUPCICH. About 48.

Mr. KENNEDY. How many did you have at that time?

Mr. RUPCICH. I think there was about 25.

Mr. KENNEDY. Would you say that all your employees have been paid union scale or above?

Mr. RUPCICH. I don't know, sir, if all of them. I believe, other than the waitresses, I believe that they were.

Mr. KENNEDY. We have some information on that, Mr. Chairman.

TESTIMONY OF GERALD GOTSCH—Resumed

Mr. KENNEDY. Could you tell us what the records show, so far as Mr. Rupcich's restaurant?

Mr. GOTSCH. Their total number of employees is 49. At the time of our examination, the employer was paying dues on seven waitresses, none of whom, of course, were there. He currently employs, at the time of our examination, 21 waitresses, none of which are union. None of them are registered in the union.

Mr. KENNEDY. Of those 21, how many were paid below union scale?

Mr. GOTSCH. The 21 union waitresses—

Mr. KENNEDY. Nonunion.

Mr. GOTSCH. They are all nonunion. Nine are paid above scale and 12 below scale.

Mr. KENNEDY. How about the miscellaneous employees?

Mr. GOTSCH. There are 17 miscellaneous employees, none of which is union.

Mr. KENNEDY. How many are being paid below scale on that?

Mr. GOTSCH. Sixteen are being paid below scale and one is being paid above.

Mr. KENNEDY. How about the cooks?

Mr. GOTSCH. There are four cooks, none of whom are union. Three are being paid above union scale and one below scale.

Mr. KENNEDY. How about the hostesses and the bartenders?

Mr. GOTSCH. There are four union bartenders and they are all being paid above union scale. Those are the only four union employees in the place.

Mr. KENNEDY. What is the saving to the employer per year on this?

Mr. GOTSCH. The employer is saving \$6,162, approximately, on his waitresses by not paying the scale, and \$8,516 on the miscellaneous kitchen employees, by not paying scale, for a total of \$14,600, approximately.

Mr. KENNEDY. What is the total?

Mr. GOTSCH. \$14,600, approximately.

Mr. KENNEDY. That is the saving to the employer each year?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. All right.

TESTIMONY OF JOHN RUPCICH—Resumed

Do you have any comment on that?

Mr. RUPCICH. No, but, like Mr. McGann said, there are many other things, like I give my waitresses a meal, and also, in many restaurants, where the waitresses work, they have to pay the breakage on their dishes and all, and I accept that myself.

Mr. KENNEDY. Once again, this is what the contract reads, as has been explained, as to how much they should be paid under the union scale.

Mr. RUPCICH. Yes; I understand.

Mr. KENNEDY. Did you know that the payments you are making each month are a violation of the law?

Mr. RUPCICH. No; I did not.

Mr. KENNEDY. And, if you are found guilty, you can go to jail for a year and pay a \$10,000 fine?

Mr. RUPCICH. I did not; no.

Mr. KENNEDY. And the receipt of the money by the union officials is also a violation of the law, section 302?

Mr. RUPCICH. No; I didn't.

Mr. KENNEDY. This has all been going on in your restaurant for a long period of time, and in Mr. McGann's restaurant for several years. It is all contrary to and in violation of the criminal law.

The CHAIRMAN. Is there anything further of this witness?

Senator CURTIS. Yes, Mr. Chairman.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I would like to ask this witness something about Mr. McGann's operation.

You stated that a number of his employees were union members.

Mr. GOTSCH. Yes, sir.

Senator CURTIS. How do you know this?

Mr. GOTSCH. Because I talked to Mr. McGann and asked him which persons were members of the union and which were not.

Senator CURTIS. Did any of the employees say they were members of the union?

Mr. GOTSCH. I did not talk to the employees there, sir; but looked at the payroll records and on the payroll records there were deductions for union dues.

Senator CURTIS. Did you examine the records of the union?

Mr. GOTSCH. I did not do that myself, personally.

Senator CURTIS. In other words, the employer says they belong to the union?

Mr. GOTSCH. That is right, sir; and dues were being deducted from their wages.

Senator CURTIS. But none of the employees told you they belonged to the union and there has been no examination that the union carried them as members?

Mr. GOTSCH. I did not check into that, sir.

Mr. KENNEDY. We checked into it, and they are in the union.

Senator CURTIS. They are in the union?

Mr. KENNEDY. Yes.

Senator CURTIS. That is all I would ask this witness.

The CHAIRMAN. How do you pay into the union, by check or by cash?

Mr. RUPCICH. Yes, sir; I pay by check.

The CHAIRMAN. Then there should be a record of it. I believe you said you checked the union records and they show that there are memberships?

Mr. KENNEDY. Yes.

Senator CHURCH. For the purpose of the record, it might be helpful, since our counsel, Mr. Kennedy, has alluded to the Federal law, for him to explain how it is that the Federal law has applicability in this field, and whether or not the NLRB assumes jurisdiction in this field.

This committee ought to know if there are gaps in the Federal law aspects as affects a problem of this kind and to what extent the local authority in Chicago, or local law in the State of Illinois, fails to furnish a remedy in this field.

Mr. KENNEDY. Well, I checked with individuals who have had some experience in this field, and the Taft-Hartley Act itself would apply to this industry because of the fact that under present interpretations by the Supreme Court almost everything affects interstate commerce.

For instance, in the restaurant industry, food is shipped from out of State into the restaurants, and people that go into the restaurants often come from out of State. So it would be covered by the Taft-Hartley Act itself. But the National Labor Relations Board does not assume jurisdiction in these cases, and the State boards often will not assume jurisdiction because they say this is a matter covered by the Taft-Hartley Act, and, therefore, they have no jurisdiction. I think this is the problem for the employer, and sometimes for the union itself. These individuals end up, really, in "no man's land" and have no recourse or no place that they can go as far as a remedy is concerned.

That has been one of the great difficulties. But I understand that has been covered at least to some extent by the law that has been passed by the Senate, to make the National Labor Relations Board assume jurisdiction.

Senator CURTIS. That is what is involved in the so-called no man's land?

Mr. KENNEDY. Yes.

Senator CURTIS. Why has an extortion organization existed as an organization allowed to picket?

That is granted to a labor organization. Paragraph 5 of section 2 of the Taft-Hartley law defines labor organizations. It says:

The term "labor organization" means any organization of any kind or any agency or employee representation committee or plan in which employees participate, and which exists for the purpose in whole or in part of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

And section 7 of the Taft-Hartley law deals with the rights of employees. It says:

Employees shall have the right to seek organizations, to form, join, or assist labor organizations to bargain collectively through representatives of their own choosing and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

And then it goes on. In other words, workers are given a right to picket. Why a gang of extortionists interferes with the movement of people on the streets of Chicago is something the officials of Illinois and Chicago are going to have to answer, because they aren't there representing any rights of employees.

The employees do not participate, and they do not bargain for the employees.

Mr. KENNEDY. None of these pickets, as I understand it, were your employees.

Mr. RUPCICH. Not any of them.

Mr. KENNEDY. They were all outsiders?

Mr. RUPCICH. That is correct, sir.

Senator CURTIS. Do you know quite a few of the other restaurant owners and managers in your area in Chicago?

Mr. RUPCICH. In my area; yes, sir.

Senator CURTIS. Does the union bargain with any of them concerning rates of pay, working conditions, and that sort of thing?

Mr. RUPCICH. Not in my immediate area, sir. I am right on the Indiana-Illinois State line, and I don't know how the local in Indiana operates.

But the restaurants in Illinois in our area, no, I don't know of their operation, either, whether they bargain or not.

Senator CURTIS. In other words, I doubt very much if this union is a bargaining agent. There is no such thing as an extortion group having a lawful right to picket, or to enjoy any of these other immunities which we have given to labor organizations to do things that ordinary citizens can't do.

That is all, Mr. Chairman.

The CHAIRMAN. Well, they don't bargain with you.

Mr. RUPCICH. No, sir.

The CHAIRMAN. From the evidence here, this union has not been certified, as the bargaining agent for your employees. Has it?

Mr. RUPCICH. No, it has not.

The CHAIRMAN. So while it is not a bargaining agent duly certified as such by reason of the choice of your employees, it is simply operating under the guise of a union simply for shakedown purposes. That is the truth about it.

It is not operating as a bargaining agent. It is under the guise of that, because it is a labor union, and a labor union is supposed to be a bargaining agent for those who select it and use it for that purpose.

But in this instance they are not bargaining. They make no pretense at bargaining. They do not necessarily have a majority of the employees to bargain for. The employees have not selected the union as a bargaining agent. It is simply an arrangement in the nature of extortion on the part of the union officials, imposed on management and the employees.

All right.

Senator CURTIS. I wonder, Mr. Chairman, do we have any record here in the committee that the National Labor Relations Board ever certified this local as a bargaining agent any place?

The CHAIRMAN. Have we checked on that?

Mr. KENNEDY. I don't believe we have any information along that line.

The CHAIRMAN. It might be well to check on this particular local.

Senator CURTIS. If they have, I think we should check on the NLRB, too, who certified such an outfit.

The CHAIRMAN. There might very well be, Senator, a place where they do have and actually represent a majority.

Senator CURTIS. I am talking about this local.

The CHAIRMAN. I am talking about this local. It may have some restaurants where they have a majority. I don't know that it has. Maybe it has none. But it could in one place operate legitimately as one restaurant and in another operate as has been testified to here.

It would be well to check and ascertain whether it has ever been certified as a bargaining agent for any group.

Are there any other questions?

If not, thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, that is an indication on this union as to how it operates. Now we are going into another facet, as to the operation, and we have three witnesses on this matter, altogether, and the first witness is Donald W. Strang.

The CHAIRMAN. Come forward, Mr. Strang.

Will you stand and be sworn, please?

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. STRANG. I do.

TESTIMONY OF DONALD W. STRANG

The CHAIRMAN. Mr. Strang, state your name, your place of residence, and your business or occupation, please, sir?

Mr. STRANG. Donald W. Strang, 1205 Overlook Road, Lakewood, Ohio.

I am in the restaurant business.

The CHAIRMAN. Do you waive counsel, Mr. Strang?

Mr. STRANG. I do.

The CHAIRMAN. Thank you very much. Proceed, Mr. Kennedy.

Mr. KENNEDY. What is the name of your restaurant?

Mr. STRANG. The one in Chicago operates under the name of Howard Johnson.

Mr. KENNEDY. And do you have restaurants in other areas?

Mr. STRANG. Yes; I have three restaurants in Cleveland.

Mr. KENNEDY. Are they named Howard Johnson also?

Mr. STRANG. One is Howard Johnson. One is Berwyn's Restaurant in Union Commerce Building and one is Damon's Restaurant in Cleveland Heights.

Mr. KENNEDY. Where is Howard Johnson's located in Chicago which you own?

Mr. STRANG. Located in Niles, Ill., at the corner of Caldwell and Towley Avenue.

Mr. KENNEDY. Mr. Chairman, we had some discussion before about the meals that were supplied to the employees.

Section 16 of the contract regarding the employees stipulates—

Meals supplied to employees are so supplied for the convenience of the employer and there shall be no deduction from wages with respect to same.

The CHAIRMAN. What are you reading from, the standard contract?

Mr. KENNEDY. Yes, of the Hotel and Restaurant Employees Union, the Greater Chicago Area Local Joint Executive Board, Hotel and Restaurant Employees. That should cover the arrangement that was made with the previous witness.

When did you open up your restaurant in Niles, Ill.?

Mr. STRANG. In February 1952.

Mr. KENNEDY. And at that time did you have any discussions or conferences with any individual from the Chicago Restaurant Association?

Mr. STRANG. Yes; I did.

Mr. KENNEDY. For what reason did you have conferences with them?

Mr. STRANG. About the fact that I would want to be a member of the Chicago Restaurant Association.

Mr. KENNEDY. Why did you want to become a member?

Mr. STRANG. Well, I believe in association work. I have been very active in association, trade association, work in Ohio.

Mr. KENNEDY. And did you have conferences with them to indicate that they were going to take over your labor relations or could help you or assist you in your labor relations?

Mr. STRANG. I was told that they did have an attorney who did take care of your labor relations, but that it was not included in the membership to the Chicago Restaurant Association, but, rather, was an additional service which would be paid for additionally.

Mr. KENNEDY. You would have to contribute to a voluntary fund; is that right?

Mr. STRANG. That is right.

Mr. KENNEDY. And the attorney that handled this would be Abraham Teitelbaum?

Mr. STRANG. I didn't know who the attorney was who was representing them.

I was new in Chicago and I didn't know much about it.

Mr. KENNEDY. Subsequently did you learn it was Abraham Teitelbaum?

Mr. STRANG. Later; yes.

Mr. KENNEDY. And the individual who told you about him, or told you about this arrangement, was Mr. Kiscaw, is that right?

Mr. STRANG. Yes.

Mr. KENNEDY. Then did you have any difficulties or problems with the union subsequently, in 1952?

Mr. STRANG. In the latter part of May, I believe, the union approached the store and spoke to the manager asking to see me about becoming a part of the union. I was not in town at the time. They left word that when I did come to town they would like to talk to me about having the employees join the union.

Mr. KENNEDY. What union did they represent?

Mr. STRANG. A Cicero local, I think.

Mr. KENNEDY. Local 450 of the Bartenders and Waiters Miscellaneous Union, located in Cicero?

Mr. STRANG. I am not sure.

Mr. KENNEDY. Well, it was the local from Cicero?

Mr. STRANG. I understand it was.

Mr. KENNEDY. That is local 450, which is the union we had the testimony about this morning, controlled by Claude Maddox, also known as John Edward Moore.

Did you have conferences with anybody from that union subsequently?

Mr. STRANG. I had no conferences with the union before the picket line was placed around us.

Mr. KENNEDY. Pickets appeared?

Mr. STRANG. Pickets appeared.

Mr. KENNEDY. Prior to the pickets appearing, had your employees voted to go out on strike?

Mr. STRANG. The employees did not vote to go on strike. They had not been approached, to my understanding.

Mr. KENNEDY. They had never even been consulted?

Mr. STRANG. That is right.

Mr. KENNEDY. But the picket line appeared, nonetheless?

Mr. STRANG. That is right.

Mr. KENNEDY. Did you have conferences with them then?

Mr. STRANG. I arrived in Chicago a couple of days after the pickets had been placed around the restaurant. Some time after I arrived, and not too long, the union officials came into the store and asked to see me.

I invited them into the office.

Mr. KENNEDY. Who came, do you know, representing the union?

Mr. STRANG. I think there were two officials of the Restaurant Union.

Mr. KENNEDY. Do you remember their names?

Mr. STRANG. I don't; no. I am not sure what their names were.

Mr. KENNEDY. Do you know if there was a Mr. Kerr?

Mr. STRANG. I think so.

Mr. KENNEDY. Bill Kerr?

Mr. STRANG. I think he was one of them.

Mr. KENNEDY. Do you remember a John Theibold?

Mr. STRANG. It sounds familiar.

Mr. KENNEDY. But you remember the name Kerr, anyway?

Mr. STRANG. I remember the name. It has been talked of since then. I believe that is the one, but I can't say for sure.

Mr. KENNEDY. Would you relate to the committee what your conferences or discussions were with them?

Mr. STRANG. They said they wanted to talk over the matter of me joining the union for my employees, and I told them that in my opinion they were going about this thing all wrong, that if they could come in and say that my employees wished to be represented by them, that was another story, but I said, "As far as I know, none of our employees want you to represent them," and I said "For me to join for them against their will, or to force them to join in order to keep their jobs was just the same as telling them what church they had to belong to if they wanted to work for me."

I considered it un-American, unconstitutional, and I would not do it.

I said I would close the store first.

Mr. KENNEDY. You said that to the representative of local 450 and also the representative of the Teamsters Union?

Mr. STRANG. No. Then they went out and they came back with a representative of the Teamsters Union, and I told him somewhat along the same lines, and he said, "Well," he said, "You can't always tell."

He said, "We had a manufacturing company that said that the majority of the members did not want to belong, but after we took a vote, they found that the majority did want to belong."

So I said, "Well, let's have a vote. I will agree to a vote, and it will be handled in an unbiased manner, in a manner acceptable to both of us."

The head of the Restaurant Union said, "Oh, no, we just came in to talk this thing over. Your employees would be afraid to vote, to vote for a union, afraid of their jobs." I said, "Afraid of their job? We are having a hard time to get them to work for us for love or money."

They said, "Well, we just wanted to talk this over. We will leave now," and they walked out.

Mr. KENNEDY. Was it ever suggested to you that you could put in a fixed number of employees and that would take care of the situation?

Mr. STRANG. Later, Mr. Teitelbaum came out to the restaurant shortly after I arrived in Chicago one night; Mr. Kiscan happened to have been talking with me about the situation at that time. He said he thought he could convince them that they were in the wrong, and that we were not going to join for our members. We decided that if he could do that, it would be fine, although at that time we did not have any assurance. But if he could convince them to stop picketing, because we were not going to join for our members or make any kind of a deal, it certainly would be a good deed.

Mr. KENNEDY. Relate what happened, would you please?

Mr. STRANG. Well, that was the end of that conversation.

Mr. KENNEDY. Then did he come subsequently?

Mr. STRANG. Yes. Several times during the period he came with different propositions that the union was on the hook, they had made a mistake, they did not realize it was going to be so expensive, but, nevertheless, they had to have something to save face, and could we agree to signing up some of the employees? We refused to have anything to do with anything like that.

Mr. KENNEDY. Did you discuss that with Kiscan, too?

Mr. STRANG. Yes, sir.

Mr. Kiscan advised against it. He said that he didn't think it was right.

Mr. KENNEDY. Was the picket line going on at this period of time?

Mr. STRANG. Continuously, 24 hours a day, I think.

Mr. KENNEDY. Were any of your employees picketing?

Mr. STRANG. None of our employees were picketing.

Mr. KENNEDY. Would you relate to the committee what the situation was at your restaurant?

Mr. STRANG. About, I would say, 20 or 30 pickets were surrounding us, and everything was tried to either persuade us to join or to close up, I guess. There was vandalism. There they put tacks all over the lot so that our customers would have punctures. They slashed our employees' tires, particularly at nighttime. We had a garage that came over and fixed them, but that was stopped because they wouldn't let the people come and fix them any more. In fact, last week I was talking with our present manager and she said that her tires had been slashed 15 times during that 3-week period. They put sugar in the gasoline tank of our present manager and the manager at the time. The first was able to fix the car at a considerable expense.

The latter, the motor was ruined and the car was sold for junk, and I had to replace the car.

They threw firecrackers after the employees as they would leave. The teamsters union cooperated with them so that they were unable to get any deliveries of food. We were unable to have our garbage taken out. We were unable to have our money removed by armored express, so we had to do that ourselves. We brought in food with my automobile and in the automobiles of other employees, such as the manager's and supervisor's. We had to go to the source of the food or to other restaurants where food was delivered and we would try to lose the people following us, which they usually did when we started out, so that they wouldn't know to what restaurants we got the food given to us.

I rented a trailer to take out our garbage and before I was able to get it out, the trailer company took it away from me, saying that they had been told that we should not use that trailer.

So I bought a trailer. We loaded it up and started out to dump it. At the second stoplight I stopped for the light and I heard a hissing noise. I got out and the tires of the trailer had several nails in them. The State police came along about that time, even before the air was entirely out of the tires, and they tried to catch them, but they were unable to do so.

We had the tires repaired and continued on our way; we were followed by an automobile full of several men.

When we got to the dump they would not take it. We rode around trying to find some place——

MR. KENNEDY. The dump would not take it?

MR. STRANG. The dump would not take it. We tried to find some place that would take it and could not find any place. I went back and put the trailer back in the yard. The health department was after us because we had so much garbage and rubbish around there. So they were exercising considerable pressure for us to do something about it.

Senator CURTIS. Who operated that garbage dump where they would not take it after you got there?

MR. STRANG. I don't remember.

Senator CURTIS. Is that city owned?

MR. STRANG. We took it to another city. It was a town nearby Niles. I am not sure just what it was. It seems to me it was Glenview, but I wouldn't say for sure.

Senator CURTIS. It wasn't privately owned?

MR. STRANG. I don't know.

MR. KENNEDY. This was the power really of the Teamsters.

MR. STRANG. Yes, that is right.

MR. KENNEDY. They were the ones that were able to prevent all of this, or cause all this, is that correct?

MR. STRANG. That is correct. They cooperated with them in order to bring us to our knees, I guess.

MR. KENNEDY. They would have control over the trailer, they would have control over the garbage, and they would have control over the dumps.

MR. STRANG. That is right.

Then there was intimidation. Our employees were intimidated, they were followed home, run off the road. They drove cars, followed right to their homes. Girls going home late at night were followed and were fearful. They became very incensed, however, about the tactics. I remember one time one of them said that if we joined up with the union for them, they would all quit. Believe me, she would stick by it.

But the next day she came back and said her husband was afraid for her. She was crying. But he was afraid she might get hurt. And that happened with other employees.

MR. KENNEDY. Did you go to any State bodies?

MR. STRANG. Yes.

I might say the customers had their license taken as they entered the lot and their numbers called out, and as they left the lot their numbers were also called out again with an attempt to intimidate them, but they

did not seem to intimidate them. Business kept on coming, thank goodness. That is what saved our lives. A Howard Johnson truck arrived and as they arrived at the point, the driver was told that if he drove over the line that would be the last time he would be in that seat. Our manager said "Get down," and he got in and drove it over the line. It was swarmed on by pickets in the lot who had no business in our premises. So we put an alarm in, and a deputy sheriff's officer heard the alarm and came running to the situation and forced the pickets off at gunpoint.

I understand, or they told me later on, that he had almost lost his job because he had interfered.

The Borden Co. supplied us with milk. When you open a new restaurant, everyone wants to get your milk business, because you usually deal with one person. We had decided to do business with them. After it had been going on for some time, there was a call in the restaurant which said, from one of the representatives of Borden's, that maybe it would be a good idea if Mr. Strang would buy his milk from somebody else, and that they had been told that if they continued—and I was picking the milk up, they weren't bringing it in—that if I continued to bring it in, they would pull all the teamsters off all the Borden trucks off all over the city of Chicago.

I called the restaurant association and I told them what the situation was, and I said, "If this is what can happen, and you can't even go after your food, we are through, and every restaurant in Chicago is through, so you might as well make up your mind to it."

I think they got in touch with the officials of Borden, and they changed their tactics. However, they took their names off the cartons so you would not know where the milk was coming from.

We had a scavenger—we couldn't get anyone to take our garbage out, so one of the employees called a scavenger in another town nearby, and he said, "Yes, I will come and try and get it out."

He came, loaded it up, and on the way out, and he had his little boy in the seat with him, and they said, "If you think anything of that little boy, you will take that garbage back and put it where it was." He did. He couldn't take any chances with his little boy.

I called the State police for protection of the Howard Johnson truck coming from Cleveland, Ohio, coming from Indiana, Illinois, and Wisconsin, and stopped to leave a load at our store on the way.

I had a hard time getting them. I even went down to the office, but they didn't seem to be around. Finally I got him on the telephone, and he said, "Well, I am sorry, but my hands are tied. I have been called off by the Governor's office, it is a local proposition, and we cannot do anything. I am so mad, and our men are so mad, that they are hot under the collar. All of those hoodlums, we would like to put them in jail. But I can't do anything about it."

I said, "This is interstate. They are coming through the State. They are not in the State. It is not local."

He said, "I can't do anything about it now. But I will tell you now, you are getting a raw deal."

The CHAIRMAN. What did you say about the Governor?

Mr. STRANG. He said he had instructions from the Governor's office to lay off.

The CHAIRMAN. The governor of what State?

Mr. STRANG. Illinois.

Senator CURTIS. What year was that ?

Mr. STRANG. 1952.

Senator CURTIS. I don't care what year it is, I do not agree with it. That is one thing I have been hammering here all the time, that labor unions enjoy some immunities that are not extended to other citizens.

They are permitted to do things and judges, courts, and legislative bodies pass it by.

That is all, Mr. Chairman.

The CHAIRMAN. The Chair was not interested in the politics of it, but he was interested in the broader aspects of it.

Mr. STRANG. I don't know who in the Governor's office made that statement. He just said the Governor's office.

The CHAIRMAN. Right or wrong, it would not matter to me who was governor. But I just cannot concede anyone occupying the position of chief executive of the State who would tolerate, let alone cooperate with, condone and protect, such criminal activity.

So whoever it is, whoever it was, if he was responsible for that kind of action, I think it deserves condemnation.

Proceed.

Mr. KENNEDY. Of course, the information you got was second or third hand, was it not?

Mr. STRANG. It was second hand, and I don't know who it was in the Governor's office that gave it. But that was his excuse, because he was wrought up about it. He was pretty mad that they weren't allowed to help us under the circumstances.

The CHAIRMAN. All right.

Mr. STRANG. We run our restaurants with oil. Oil was used for steam for cooking, for hot water and everything else. So if we run out of oil, we are out of business. I think they figured we would be pretty low, and we were. We couldn't get the oil in. The man that was delivering us oil would not bring it in. So I got a friend of mine who knew an oil company, and he said, "I will call and ask if they will bring it in." and he did, and they said, "Yes, we will try and run it in."

The pickets usually were around, but they were getting a little careless about that time and would congregate one time and visit a little bit, and one time they were congregating we ran the oil in the other side. There was a hole on the other side of the building, and we would turn the knob and we got our oil. If it had not been for that, we would have been out of business, too. I think that is one reason the union listened to reason on calling off their pickets.

I would just like to remark that as a small-business man I went to Chicago in good faith and I was doing things legally, as far as I knew, trying to mind my own business, and all of a sudden I am besieged with this sort of thing I have just described. I could get no injunction. I was told if I invoked the Taft-Hartley Act it could be delayed in hearings so long that it would not do me any good.

I even called Senator Taft's office in Washington to ask him if he knew some way that something could be done to protect our interests. It is a sad state, and I think it is bad for the employer for such a thing to be allowed; I think it is bad for the unions, because they should be willing to sell their wares like anyone else, their services like anyone, any other salesman. I think there should be something done about it.

The CHAIRMAN. Do you have further questions?

Mr. KENNEDY. Yes, Mr. Chairman. What finally happened? Could you tell us how it was settled?

Mr. STRANG. I was informed that the union had——

Mr. KENNEDY. Who informed you?

Mr. STRANG. Well, it was either Mr. Kiscaw or Mr. Teitelbaum. It was pretty much of a nightmare at the time. I was told that the union decided to stop picketing, and I was to give Mr. Teitelbaum a check for attorney's fees. I conferred with the restaurant association, and I said I think it is well worth it if he can convince them that we are not going to join for our members, and they advised that they thought it was, too.

That was the end of it.

Mr. KENNEDY. Did you then pay Teitelbaum \$2,240?

Mr. STRANG. \$2,240, I think, is correct.

Mr. KENNEDY. That was for legal fees?

Mr. STRANG. That was for legal fees?

Mr. KENNEDY. That was on the suggestion of Mr. Kiscaw or Mr. Teitelbaum, is that right?

Mr. STRANG. That is the only way I would pay it.

Mr. KENNEDY. Did you pay it in the presence of Mr. Kiscaw?

Mr. STRANG. I am not sure. I thought he was there, but I am not sure.

Mr. KENNEDY. Where did you give Teitelbaum the money?

Mr. STRANG. I gave it to him in my office in the restaurant.

Mr. KENNEDY. Did he tell you that the pickets would not appear again?

Mr. STRANG. He said that the union had agreed to remove the pickets.

The CHAIRMAN. Did he perform any legal services for you?

Mr. STRANG. I worked about 3 weeks on this thing to try and convince them that we were not going to join the union.

The CHAIRMAN. I have here a photostatic copy and also the original of the check you gave Mr. Teitelbaum. If you will identify both of them, please, I will use the photostatic copy for the record.

(The document was handed to the witness.)

The CHAIRMAN. Is that the original check and also a photostatic copy of the check you gave Mr. Teitelbaum?

Mr. STRANG. I think it is. It looks like it. It is my signature.

The CHAIRMAN. It is your signature?

Mr. STRANG. Yes, sir.

The CHAIRMAN. We will accept it. The check may be made exhibit 16.

(The document referred to was marked "Exhibit No. 16" for reference and will be found in the appendix on p. 12857.)

Mr. KENNEDY. This check was given to Mr. Teitelbaum about 3 weeks after the picketing started, is that right?

The picketing lasted about 3 weeks?

Mr. STRANG. I think so, yes.

Mr. KENNEDY. Did you hear from the union again after you gave him this check?

Mr. STRANG. About a year later.

Mr. KENNEDY. What happened at this meeting?

Mr. STRANG. I understand that a representative called at my store, at the store of the company that I am the head of, and asked that we sign another contract. My manager said, "We have no contract with any union," and he said, "Well, here is a contract." And the manager said, "Let's see it." He showed it to her, and she said, "That is not Mr. Strang's signature."

I then got a call in Cleveland, asking me, and I said that we did not join for any of our people. She said, "Well, I have a check from Mr. Teitelbaum," and I said, "Well, I don't know anything about that, because, Mr. Teitelbaum never had any authority to join for our members or to give you a check from us."

Mr. KENNEDY. Did you hear from them again?

Mr. STRANG. No. That was it.

Mr. KENNEDY. Did you ever learn what Mr. Teitelbaum had done with the \$2,240?

Mr. STRANG. Well, I saw an endorsement about 1955. It was the first time I knew that Mr. Teitelbaum evidently had endorsed it over to the union, when a revenue agent came into the office for a checkup of our books.

Mr. KENNEDY. The endorsement on the back reads, "In payment of 40 initiation fees at \$20 a person, totaling \$800, and 1 year's dues for \$1,140," making a total of \$2,240.

So he paid the initiation fees on 40 individuals and their dues for a period of a year; isn't that right?

Mr. STRANG. I don't know anything more, except what is on the back of that check.

Mr. KENNEDY. What happened was that your employees were in the union and you didn't know it.

Mr. STRANG. My employees were not in the union.

Mr. KENNEDY. Well, the money had been paid for your employees' dues.

Mr. STRANG. They had no authority to pay for my employees.

Mr. KENNEDY. I understand that. You made that point. I am not finding any fault with you. But I am saying what happened as a result of this money being paid over was that your employees were made members of the union without your knowledge and without their knowledge; isn't that correct?

Mr. STRANG. If you will call that a membership, which I don't agree to—I don't believe it is a membership myself.

Mr. KENNEDY. Assuming that is a membership, they were made members of the union without your knowledge and without their knowledge?

Mr. STRANG. I will let the facts stand on their own feet.

Mr. KENNEDY. You did not know anything about it?

Mr. STRANG. I do not want to give opinions on it.

Mr. KENNEDY. You did not know anything about their money being paid to the union and the employees did not know anything about it?

Mr. STRANG. No, sir; they did not.

Mr. KENNEDY. And their names were entered, were they not, in the union records?

Mr. STRANG. I do not know.

Mr. KENNEDY. I think we have a witness on that.

The CHAIRMAN. Had you known that this check was going to be endorsed and that the proceeds of it was going to the union, would you have ever given the check?

Mr. STRANG. Certainly not. That was the whole basis of why we resisted it and went through this nightmare as long as we did. I could have made a much better deal than that earlier in the thing by signing up for fewer members, but we would have nothing to do with anything like that.

The CHAIRMAN. Well, Mr. Teitelbaum then was supposed to be the attorney for the association, and not attorney for the union; is that correct?

Mr. STRANG. He was not the attorney for the union. He represented me in this instance.

The CHAIRMAN. That is what I say, and you got him as the association's attorney for the restaurant association.

Mr. STRANG. Well, Senator, I was under the impression that he was not on the payroll of the association.

The CHAIRMAN. You thought you were employing him just as your individual attorney?

Mr. STRANG. That is right.

The CHAIRMAN. Do you recall how he arrived at the \$2,240? Did he give you any statement for that amount?

Mr. STRANG. No, he did not.

The CHAIRMAN. Wasn't it a kind of a strange thing? I know a little about how lawyers charge, and was there any expense account submitted in connection with the fee?

Mr. STRANG. No expense account. I have never been able to figure out lawyers' bills.

The CHAIRMAN. Well, I have, and that is why I am intrigued by this check for \$2,240.

Mr. STRANG. I did not know, nor consider that at the time, and it was a reasonable fee if he could perform and he did perform and he worked for several weeks and I would have been glad to give it to any attorney that performed the same deal, and I had been willing to pay a little more because we were losing a lot more than that every week.

The CHAIRMAN. Well, a \$2,240 fee is just \$10 short or maybe \$260 short of what an attorney normally would charge unless there is some arrangement about it.

Mr. STRANG. There were no arrangements about it. That is what he wanted.

The CHAIRMAN. He must have calculated it knowing how he was going to handle it with the union and he got his fee actually from the union.

Mr. STRANG. Well, as I say—

The CHAIRMAN. Instead of actually representing you all of the time, although you were paying him as you thought, he was representing the union. That would be the deduction I would make from the circumstances and the facts as developed.

Senator CHURCH. Mr. Strang, the endorsement that Abraham Teitelbaum made on your check reads, "In payment of 40 initiation fees as \$20," which equals \$800 and the year dues, \$1,440, making a total of \$2,240. But when Mr. Teitelbaum approached you and asked you

for the \$2,240 he made no explanation that would in any way indicate that this was the reason he was asking for \$2,240?

Mr. STRANG. Absolutely not.

Senator CHURCH. Earlier this morning we had some testimony concerning this local that you were having your troubles with, local 450. It showed that at least two notorious figures in the ring of well-known racketeers in Chicago were associated with this local.

One was Claude Maddox and the other was Joseph Aiuppa. This is one of the four locals we have considered where there is much evidence of the mobster element.

Certainly, that was borne out in the tactics that were used by this local in the ordeal that you suffered. You have already indicated that there were acts of intimidation, there was considerable property destroyed, there was coercion and violence.

Now, these acts are certainly in conflict with the local peace laws of the community. Did you, during the course of this ordeal, consult with any other attorney other than Mr. Teitelbaum?

Mr. STRANG. Yes; I did.

Senator CHURCH. Did you make an effort to ascertain what your rights were under the local peace laws? Did you attempt to contact the local district attorney?

Mr. STRANG. No; I did not contact the local district attorney. I was satisfied that the advice I was getting from the restaurant association was perhaps as good as I could get from anyone.

However, I did call my attorneys in Chicago and ask them if they did not know any way out of this thing, and the only answer I got on that was it was a little out of their line and they referred me to another firm who were primarily specialists in labor relations.

Senator CHURCH. The point I want to make is this: I question whether this is so much a problem of labor relations as much as it is a problem of dealing with mobsters. Mobsters use tactics that obviously conflict with the local peace laws of the community and they did in this particular case.

Now, the Federal Government is not primarily involved in the maintenance of peace and order within the community. That responsibility falls primarily to local authorities and should, to the district attorneys and to the community police, and to the State law-enforcement officers.

I am wondering what steps you took in connection with trying to get local authority to intervene to maintain order and maintain peace. In that connection I should think that the district attorney's office would have been perhaps the most important office to deal with.

Mr. STRANG. Well, it might have been a good thing to do.

Senator CHURCH. But you did not contact the district attorney?

Mr. STRANG. No, but we did the chief of police and he gave us all of the support he could, and I understand terrific pressure was put on him to let the thing take its course. We tried to get certain local enforcement authorities and they were told to stay away and the State police were told to stay away.

Senator CHURCH. I think, Mr. Chairman, that one of the benefits that should flow from a hearing of this kind is that in bringing to the attention of the public generally abuses of this sort, the effect should be to alert local police authorities and thus to root out this practice at the local level where it can be dealt with most effectively.

Mr. STRANG. I agree with you 100 percent.

The CHAIRMAN. Are there any further questions?

Senator CURTIS. Mr. Chairman, I just want to say to this gentleman, that I think he is to be commended for his courage and his forthrightness in dealing with this situation and protecting the inherent rights of his workers and everybody else involved.

It is regrettable that you had to do battle all alone and the forces of law and order on every level did not come to your assistance.

Mr. KENNEDY. I think Mr. Kelly has already been sworn, Mr. Chairman, and I want to ask him some questions.

TESTIMONY OF JAMES P. KELLY—Resumed

Mr. KENNEDY. Did you make an examination of the books and records of local 450?

Mr. KELLY. Yes, sir; I did.

Mr. KENNEDY. Did you determine as to whether 40 employees of the Howard Johnson Restaurant were in fact entered on the books and records?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. And were, in fact, members of the union?

Mr. KELLY. That is correct.

Mr. KENNEDY. Would you examine that?

Mr. KELLY. Yes, sir.

(A document was handed to the witness.)

Mr. KELLY. This, Mr. Kennedy, is a membership ledger showing the name "Howard Johnson Restaurant," the address in Niles, Ill., and the initiation date June of 1952. It shows a list of names, alphabetically listed.

Mr. KENNEDY. And there are 40 names, are there not?

Mr. KELLY. There are 40 members, that is correct, sir.

Mr. KENNEDY. All right, so the 40 employees of your restaurant were in fact made members of the union and they were made unknowns to you.

Mr. STRANG. That is correct. I was asked how they got those names, and my answer to that was that I did not know. However, last week in talking with our present manager, he reminded me that several pages had been torn and stolen out of the payroll book at the time that this thing was going on.

That may have been the way they got it. Other than that, I don't know.

Mr. KENNEDY. You paid this money, and you were not aware of the fact that your employees were being made members of the union?

Mr. STRANG. Absolutely.

The CHAIRMAN. This ledger sheet may be made exhibit No. 17.

(The document referred to was marked "Exhibit No. 17," and may be found in the files of the subcommittee.)

Mr. KENNEDY. They never have been unionized since then?

Mr. STRANG. No, not since then, nor did they ever think they were in the union.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. I would like to call a lady who was an employee at the time, to find out whether the employees knew that they were being made members of the union, and I would like to call Mrs. Frances Schimeal.

The CHAIRMAN. Will you be sworn.

You do solemnly swear that the evidence you are about to give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. SCHIMEAL. I do.

TESTIMONY OF MRS. FRANCES SCHIMEAL

The CHAIRMAN. State your name and your place of residence, and your business or occupation.

Mrs. SCHIMEAL. My name is Frances Schimeal, and I live at 39 Woodcrest Lane, Elk Road Village, Ill.

The CHAIRMAN. Do you waive counsel?

Mrs. SCHIMEAL. Yes; I do.

The CHAIRMAN. I interrupted you—and your business or occupation?

Mrs. SCHIMEAL. At present, I am a housewife.

Mr. KENNEDY. What was your name before you were married?

Mrs. SCHIMEAL. Frances Braun.

Mr. KENNEDY. How long have you been married?

Mrs. SCHIMEAL. Six years.

Mr. KENNEDY. Now, you were working at the Howard Johnson Restaurant in Niles, Ill.?

Mrs. SCHIMEAL. That is correct.

Mr. KENNEDY. In 1952?

Mrs. SCHIMEAL. That is right.

Mr. KENNEDY. You were employed there as a waitress, were you?

Mrs. SCHIMEAL. That is right.

Mr. KENNEDY. You and your sister both worked there?

Mrs. SCHIMEAL. That is right.

Mr. KENNEDY. Local 450 of the Restaurant Employees Union came around to attempt to organize?

Mrs. SCHIMEAL. Well, there was a union, and I was not told what it was.

Mr. KENNEDY. Did any union official ever speak to you about joining the union?

Mrs. SCHIMEAL. Outside of the parking lot, I was approached by three men, and they wanted to know if the workers would like to join the union, and I told them that none were interested as most of them were summer help, and they were not interested in any benefits that a union could give them, you know, for a short time that they would work there.

Mr. KENNEDY. What was their reaction to that?

Mrs. SCHIMEAL. Well, they mentioned such-and-such a restaurant where their waitresses belonged, which later I found out was not true, and, I believe, from Mr. Duffy.

Mr. KENNEDY. Did you know who these three men were?

Mrs. SCHIMEAL. No; they did not introduce themselves, and they said they were officials of the union.

Mr. KENNEDY. Did they drive up or walk up?

Mrs. SCHIMEAL. They were parked there, and this was on a day that I had off, and my sister worked, and at the time I would pick her up, so that she would not have to drive alone during the strike.

Mr. KENNEDY. This was after the strike had started?

Mrs. SCHIMEAL. That's right.

Mr. KENNEDY. What kind of automobile were they in?

Mrs. SCHIMEAL. It was a Cadillac, black Cadillac.

Mr. KENNEDY. Were any of the employees, in fact, interested in joining the union?

Mrs. SCHIMEAL. None of them were.

Mr. KENNEDY. Had you been approached by representatives of the union prior to the time the picket line was placed?

Mrs. SCHIMEAL. No.

Mr. KENNEDY. Do you know any of the employees that were approached prior to the time of the picket line?

Mrs. SCHIMEAL. No.

Mr. KENNEDY. After the picket line was started, were any of the employees interested in joining the union?

Mrs. SCHIMEAL. None of them.

Mr. KENNEDY. And you were never consulted?

Mrs. SCHIMEAL. No, sir.

Mr. KENNEDY. Do you know of individuals whose cars were damaged or who were followed home or anything like that?

Mrs. SCHIMEAL. My sister was followed home one evening, and it happened to be one evening I was not with her, and she was chased out into the rural areas where we live, and she sped up the car and thought she lost them.

Mr. KENNEDY. Was there much damage or was there any damage to any of your fellow employees?

Mrs. SCHIMEAL. Personally, I did not see any, but, naturally, you get the word, and all of the things that Mr. Strang had said was the common conversation during that time.

Mr. KENNEDY. Other employees told you of the tires of their automobiles being slashed?

Mrs. SCHIMEAL. That is right.

Mr. KENNEDY. And nails in the tires?

Mrs. SCHIMEAL. That is right.

Mr. KENNEDY. And sugar in the gas tank?

Mrs. SCHIMEAL. That is right.

Mr. KENNEDY. Did you ever join the union?

Mrs. SCHIMEAL. Never.

Mr. KENNEDY. Why did the pickets leave the restaurant?

Mrs. SCHIMEAL. We never knew. One morning we came to work, and they just were not there.

Mr. KENNEDY. Were you aware of the fact that you were made a member of the union?

Mrs. SCHIMEAL. Not until Mr. Duffy told it to me 3 months ago.

Mr. KENNEDY. That was the first time that you knew you were in local 450?

Mrs. SCHIMEAL. That is right.

Mr. KENNEDY. And did you know if your sister knew she was also a member of the union?

Mrs. SCHIMEAL. Absolutely not.

Mr. KENNEDY. That your initiation fees and your dues were paid?

Mrs. SCHIMEAL. We never paid anything.

Mr. KENNEDY. So, it would appear, Mr. Chairman, that not only did the employer not know they were members of the union, but the employees themselves did not know they were members of the union,

and there was never any interest in any of the wages, hours, and conditions. Evidently, you were in the union, according to the records, from June of 1952 to May of 1954.

Mrs. SCHIMEAL. Well, according to their books, but, of course, I worked 3 months there next summer, and so it would be improbable that I would pay dues for 2 years for 3 months' work.

Mr. KENNEDY. Did any of the employees help or assist the picket line?

Mrs. SCHIMEAL. No.

Mr. KENNEDY. These were all outsiders?

Mrs. SCHIMEAL. That is right.

Mr. KENNEDY. That is all.

Senator CHURCH. I want to say, in this connection, that we have a habit in this country of facing up to problems with the statement, "There ought to be a law." It is evident, I think, in situations like this, that the improvement of the law is not, by any means, the whole answer.

There are laws in Illinois against the intentional and malicious destruction of property. Spreading tacks out on a parking lot is against the law of Illinois, I am sure. Slashing tires is against the law of Illinois, I am sure. Many of the other activities that have been testified to here in connection with the attempt to coerce the organization of these employees, I have no doubt, violate the laws of Illinois.

This problem could have been met and protection could have been given at a local level by the law-enforcement officers. What it takes to get that kind of law enforcement is not more laws, necessarily. What it takes is an alert press that brings to the attention of the public, in any given community where such activities take place, the facts, and then, if the local law-enforcement officers fail to do their duty, the public will have an opportunity to remove them and to put in their place district attorneys and police officers who will.

I think we just cannot lose sight of the fact that in this situation we have evidence of a problem of the kind that cannot be entirely solved by Federal law, but has to be worked at constantly by the law-enforcement officers at every level, and must always be attended by a press that brings the facts of abuses of this kind to the attention of the public at large. I do not mean to give this as a lecture to you, by any means, and your testimony has been most helpful.

Mrs. SCHIMEAL. May I add something, please? At the beginning of the strike, the local law enforcement, the Niles police, were on the property almost constantly, but, naturally, as 2 or 3 weeks went by they could not give this institution their full time. But any time that you would look out you would see 1 or 2 squad cars around, but, naturally, they could not be there the full time.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. William H. Kerr.

The CHAIRMAN. Do you solemnly swear that the testimony you are about to give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KERR. I do.

TESTIMONY OF WILLIAM H. KERR, ACCOMPANIED BY HIS
COUNSEL, JOSEPH A. DePAUL

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. KERR. William Howard Kerr, 6342 South Kolin Avenue, Chicago, Ill., and I am an employee of the Illinois State Division of Rehabilitation.

The CHAIRMAN. Thank you, sir. You have counsel present?

Mr. KERR. Yes; I do.

The CHAIRMAN. Identify yourself for the record.

Mr. DePAUL. My name is Joseph DePaul, and I am a member of the Maryland bar and the District of Columbia bar, and I have my offices in Hyattsville, Md.

Mr. Chairman, if I may, may I make a brief point?

I am rather unaccustomed to these things, but Mr. Kerr has asked me to ask the committee if it is possible to have these gentlemen take their photos and then subside into the background.

The CHAIRMAN. If the witness cooperates with the committee, the committee will cooperate with him, and his request is granted, for the present.

Gentlemen, get your pictures.

We will proceed.

Mr. KENNEDY. Mr. Kerr, how long have you been with the State of Illinois?

Mr. KERR. I believe about 3½ years.

Mr. KENNEDY. And whom were you with prior to that?

Mr. KERR. Prior to that, I was secretary and treasurer of local 450.

Mr. KENNEDY. When did you become secretary-treasurer of local 450?

Mr. KERR. It was in January of 1940.

Mr. KENNEDY. January of 1940?

Mr. KERR. Yes, sir.

Mr. KENNEDY. And you were secretary-treasurer up until May of 1953?

Mr. KERR. May 15, 1953.

Mr. KENNEDY. Now, in local 450, did you know a man by the name of Joseph Aiuppa?

(The witness conferred with his counsel.)

Mr. KERR. I decline to answer that question, Senator.

The CHAIRMAN. Just a moment. On what ground?

Mr. KERR. On advice of counsel, I would like to take the fifth amendment.

The CHAIRMAN. You are taking the fifth amendment?

Mr. KERR. Yes, sir.

The CHAIRMAN. All right; gentlemen, you can snap all of the pictures you want.

Proceed.

Mr. KENNEDY. Now, the information that we have, Mr. Kerr, is that local 450 was chartered by Joseph Aiuppa in 1935. Could you tell us anything about that?

Mr. KERR. No, sir.

(The witness conferred with his counsel.)

Mr. KERR. I decline to answer that on advice of counsel.

The CHAIRMAN. Just a moment. The advice of counsel is not a sufficient refusal.

Mr. KERR. On the ground it may tend to incriminate me, sir.

Mr. KENNEDY. Prior to the time you became secretary-treasurer. Mr. Kerr, you were recording secretary?

Mr. KERR. That is correct.

Mr. KENNEDY. What period of time were you recording secretary?

Mr. KERR. I don't remember, sir.

Mr. KENNEDY. Were you recording secretary in September of 1940?

Mr. KERR. I cannot answer truthfully, sir, and I do not recall.

Mr. KENNEDY. Well, the records indicate that you were recording secretary in September of 1940 and that Mr. Aiuppa received an honorary withdrawal card from local 450 in that month. Can you tell us about that?

Mr. KERR. Well, it happened, sir, the name did not mean anything to me, and I do not recall.

Mr. KENNEDY. You do not recall it?

Mr. KERR. No.

Mr. KENNEDY. Did you know John Edward Moore?

(The witness conferred with his counsel.)

Mr. KERR. I decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, he also is known as Claude Maddox. Did you know Claude Maddox?

Mr. KERR. I decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. He was also associated with local 450, and did you hear any discussion around the union as to the relationship of Claude Maddox to that union, local 450?

Mr. KERR. I decline to answer that question on the ground it may incriminate me.

Mr. KENNEDY. Now, I would like to ask you about this strike of the Howard Johnson restaurant in Niles, Ill., in May or June of 1950. Could you tell us what part you played in that?

(The witness conferred with his counsel.)

Mr. KERR. I decline to answer that question, sir, on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, we understand that the check of \$2,240 was handed to you by Mr. Teitelbaum. Could you tell us why you took a check of this amount?

Mr. KERR. I decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. What is there incriminating about people joining a union and paying initiation fees and dues?

(The witness conferred with his counsel.)

Mr. KERR. I do not feel I am in a position to give the answer to that.

The CHAIRMAN. Do you know the answer?

(The witness conferred with his counsel.)

Mr. KERR. In the light of what has been testified here now, it might conceivably incriminate me.

The CHAIRMAN. It may be if it is not legitimate. I thought it was perfectly proper, and legal, and legitimate, and maybe sometimes

advisable for employees to join a union and to pay initiation fees and dues.

But it seems to me that there is a reflection cast upon your local, upon the way you operate implying possibly there is something illegal about that, and something improper. Do you want to let the record stand that way with that reflection?

(The witness conferred with his counsel.)

Mr. KERR. I believe, yes, sir; I have taken the fifth.

The CHAIRMAN. You will have to let it stand that way?

Mr. KERR. Yes.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Could you tell us anything about the violence that has been testified to here, Mr. Kerr, as to who was responsible for the violence against the employees and the property of the Howard Johnson restaurant?

Mr. KERR. I will have to decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. Did the union order it done?

Mr. KERR. I will have to decline to answer that, Senator, on the ground it may incriminate me.

The CHAIRMAN. If you said "no" there could not be any incrimination against you or the union with the answer?

Again, do you want to let the record stand with that reflection?

Mr. KERR. I have already testified to that effect, sir.

The CHAIRMAN. I asked you if you wanted to let the record stand with that reflection.

Mr. KERR. Yes.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. Could you identify this Exhibit No. 17 for us, Mr. Kerr, and tell the committee how it was that you signed those 40 employees up?

(A document was handed to the witness.)

Mr. KERR. I decline to answer on the ground it may tend to incriminate me.

(At this point, the following members were present: Senators McClellan and Church.)

Mr. KENNEDY. Why weren't the employees ever consulted, Mr. Kerr?

Mr. KERR. Sir?

Mr. KENNEDY. Why weren't the employees ever consulted?

Mr. KERR. Again I will have to decline to answer that.

Mr. KENNEDY. Will you tell us anything about that strike whatsoever, the payment of the money, the signing up of the employees, or the violence?

(The witness conferred with his counsel.)

Mr. KERR. I decline to testify on the grounds that it may incriminate me.

Mr. KENNEDY. Do you know Mr. Tietelbaum?

Mr. KERR. I decline to answer that question on the grounds it may tend to incriminate me.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any other questions?

Senator Church. No questions.

The CHAIRMAN. Are you now associated or a member associated with a union in any way?

Mr. KERR. No, sir.

The CHAIRMAN. When did you leave the union, sever your union connections?

Mr. KERR. In May, May 15, 1953.

The CHAIRMAN. So 5 years have elapsed and you feel now if you told the truth about this matter it might tend to incriminate you; is that right?

(The witness conferred with his counsel.)

Mr. KERR. I have already answered that, sir.

The CHAIRMAN. You are going to answer this. I asked you if you felt that if you told the truth about it, it would tend to incriminate you?

(The witness conferred with his counsel.)

Mr. KERR. I decline to answer that, sir.

The CHAIRMAN. The Chair asks you the question: Do you honestly believe that if you answered these questions truthfully, the truth might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. KERR. Yes.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Chairman, we had interviewed Mr. Kerr before, and he had admitted that the check for \$2,240 was given to him by Mr. Tietelbaum; I believe, in the presence of Mr. Kiscaw. That is where we had the information. He was being called because of his participation in this strike, and his important position in the local, and his knowledge about this money being paid, and, of course, because of the employees being signed up.

The CHAIRMAN. Do you deny the statement of counsel that you told the investigators, representatives of this committee, that you made these statements to them?

Mr. KERR. I decline to answer that on the grounds it may tend to incriminate me.

(The witness conferred with his counsel.)

The CHAIRMAN. I asked you if you denied it.

Mr. KERR. I decline to answer that question on the grounds it may tend to incriminate me.

The CHAIRMAN. In other words, if what you told them was true, it might tend to incriminate you if you admit that you did so, now?

Mr. KERR. It may still tend to incriminate me. I decline to answer.

Senator CHURCH. What are you doing now?

Mr. KERR. I work with handicapped people for the State of Illinois. I might preface that by saying I think—I used to work for them.

The CHAIRMAN. Are you presently in a state of fear? Have you been threatened regarding your testimony here?

Mr. KERR. No, sir.

The CHAIRMAN. You are under no apprehension of any personal violence or any retaliation against you?

Mr. KERR. No, sir.

The CHAIRMAN. What you are doing is a matter of your own conscience or lack of conscience about what you have done in the past, is that right?

Mr. KERR. Definitely my own conscience.

The CHAIRMAN. I see.

Mr. KENNEDY. That is all.

Mr. DE PAUL. Mr. Chairman, is the witness excused? May he leave?

Mr. KENNEDY. Yes.

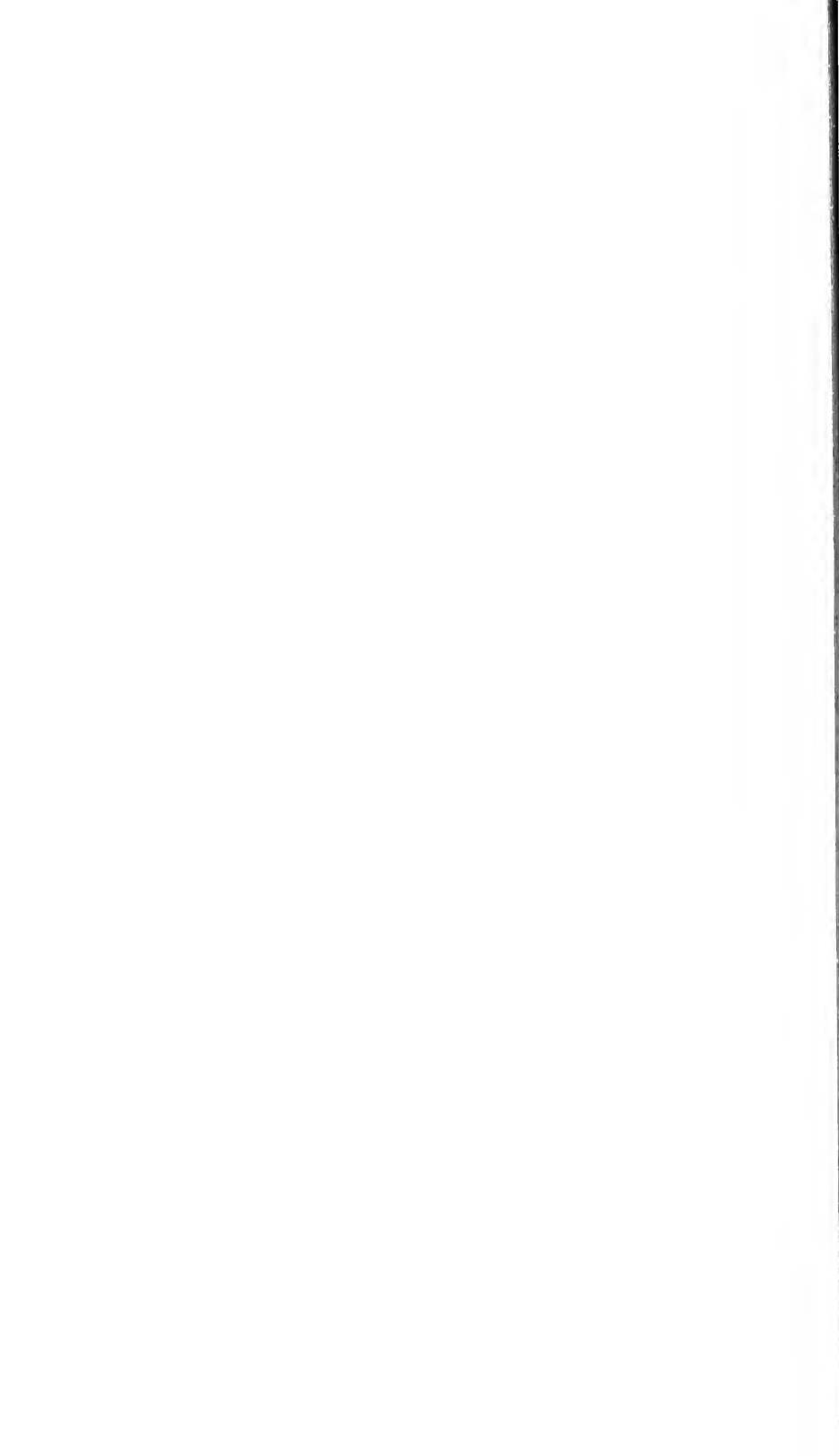
Mr. DE PAUL. He is released from the subpoena, then?

The CHAIRMAN. Yes; he may go home.

Mr. DE PAUL. Thank you, Mr. Chairman.

The CHAIRMAN. The committee tomorrow will have to meet in another room. This one will be occupied by another committee. the committee will recess until 10 o'clock in the morning and we will reconvene in room 357.

(Whereupon, at 4:28 p. m., the hearing was recessed, to reconvene at 10 a. m. Wednesday, July 9, 1958. At this point the following members were present: Senators McClellan and Church.)



INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, JULY 9, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in room 357, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Democrat, North Carolina; Senator Frank Church, Democrat, Idaho; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska.

Present: Robert F. Kennedy, chief counsel; John J. McGovern, assistant counsel; LaVerne J. Duffy, investigator; James P. Kelly, investigator; James Mundie, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the session were Senators McClellan and Curtis.)

The CHAIRMAN. We will resume the hearings as previously announced. Proceed, Mr. Kennedy, to call the next witness.

Mr. KENNEDY. Mr. Louis Romano.

The CHAIRMAN. You do solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROMANO. I do.

TESTIMONY OF LOUIS ROMANO

The CHAIRMAN. Will you state your name, and your place of residence and your business or occupation?

Mr. ROMANO. My name is Louis Romano. I reside at 6513 Santano Street, Coral Gables, Fla. My occupation is insurance agent.

The CHAIRMAN. Insurance agent?

Mr. ROMANO. That is right.

The CHAIRMAN. Do you waive counsel, Mr. Romano?

Mr. ROMANO. I do.

The CHAIRMAN. Thank you very much. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Romano, could you give us a little bit of your background, where you were born, and where you came from?

Mr. ROMANO. I am going to decline to answer the question because it may tend to incriminate me.

Mr. KENNEDY. Even where you were born, Mr. Romano?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. That couldn't incriminate you. Could you give us the date of your birth?

Mr. ROMANO. I decline to answer the question.

Mr. KENNEDY. Will you answer or tell us where you reside at the present time, Mr. Romano?

Mr. ROMANO. I decline to answer the question.

Mr. KENNEDY. Didn't you just tell us that you resided in Florida?

Mr. ROMANO. I did tell you that once, and must I repeat it?

Mr. KENNEDY. Would you repeat it?

Mr. ROMANO. 6513 Santono Street, Coral Gables, Fla.

Mr. KENNEDY. Where did you reside prior to that time?

Mr. ROMANO. 132 Santalin, Coral Gables.

Mr. KENNEDY. When did you reside there?

Mr. ROMANO. A year prior to that.

Mr. KENNEDY. When was that?

Mr. ROMANO. 1957.

Mr. KENNEDY. In 1957?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. Where did you reside prior to 1957?

Mr. ROMANO. 43 Minoris, Coral Gables.

Mr. KENNEDY. How long did you reside there?

Mr. ROMANO. One year.

Mr. KENNEDY. That was during 1956?

Mr. ROMANO. That is right.

Mr. KENNEDY. Where did you reside prior to that?

Mr. ROMANO. 61 Southeast 24th Road, Miami.

Mr. KENNEDY. For how long?

Mr. ROMANO. Three years.

Mr. KENNEDY. For 1 year?

Mr. ROMANO. No, three years.

Mr. KENNEDY. That would be 1953 to 1956?

Mr. ROMANO. That is right.

Mr. KENNEDY. Where did you reside prior to that?

Mr. ROMANO. In Chicago.

Mr. KENNEDY. Whereabouts?

Mr. ROMANO. 735 Junior Terrace.

Mr. KENNEDY. How long did you reside at that address?

Mr. ROMANO. Thirteen years.

Mr. KENNEDY. Where did you reside prior to that? That would be back to 1940. Where did you reside prior to 1940?

Mr. ROMANO. 5000 Marine Drive.

Mr. KENNEDY. Whereabouts?

Mr. ROMANO. Chicago.

Mr. KENNEDY. For how long?

Mr. ROMANO. Two years.

Mr. KENNEDY. That was back to 1938?

Mr. ROMANO. I don't remember the years.

Mr. KENNEDY. Prior to 1938, where did you reside?

Mr. ROMANO. I have no record, and I can't refer to those, and I don't remember.

Mr. KENNEDY. Where do you think that you resided prior to 1938?

Mr. ROMANO. Prior to what?

Mr. KENNEDY. Prior to 1938, where did you reside?

Mr. ROMANO. In Chicago, somewhere.

Mr. KENNEDY. You don't remember where?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Did you ever live any place other than Chicago?

Mr. ROMANO. I was born and raised in Chicago.

Mr. KENNEDY. Thank you. What was the date, and when were you born there?

Mr. ROMANO. Sixty-four years ago, July 1.

Mr. KENNEDY. Could you tell us where you went to school?

Mr. ROMANO. I don't remember.

Mr. KENNEDY. Did you go to school?

Mr. ROMANO. Yes.

Mr. KENNEDY. You don't remember the name of the school?

Mr. ROMANO. No.

Mr. KENNEDY. How many grades did you finish in school?

Mr. ROMANO. Through high school.

Mr. KENNEDY. What did you do after you got out of high school?

Mr. ROMANO. I worked for a printer.

Mr. KENNEDY. For what?

Mr. ROMANO. A printing job, running errands for a printing shop.

Mr. KENNEDY. And then what, how long did you do that?

Mr. ROMANO. I was a boy then, about 14 years old, and I don't remember how long.

Mr. KENNEDY. What did you do when you were 17 or 18, for instance?

Mr. ROMANO. I don't remember.

Mr. KENNEDY. What was your first major job which you held? What was the first job you held on a permanent basis?

Mr. ROMANO. I don't remember.

Mr. KENNEDY. You don't remember that?

Mr. ROMANO. No.

Mr. KENNEDY. Could you tell us some of the businesses that you have been in?

Mr. ROMANO. I think it was back in 1918, I was a truck driver, and I worked for Forker Truck Co., for 4 years or better. I worked for John Quirk, and drove a team for him in South Water Market.

Mr. KENNEDY. I can't hear you very well. Could you pull those microphones close to you?

Mr. ROMANO. Which ones?

Mr. KENNEDY. Both of them.

Mr. ROMANO. I drove a team for the express companies, in Chicago.

Mr. KENNEDY. Were you a member of the Teamsters then?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. What local?

Mr. ROMANO. 705.

Mr. KENNEDY. Who was head of that then?

Mr. ROMANO. I think it was Mr. Shay, I think it was.

Mr. KENNEDY. Were you an official of any kind?

Mr. ROMANO. I was a steward of the barn.

Mr. KENNEDY. How long did you drive then?

Mr. ROMANO. A team, you mean?

Mr. KENNEDY. Yes.

Mr. ROMANO. About 10 years.

Mr. KENNEDY. What did you do after that?

Mr. ROMANO. I drove a taxicab for Yellow and Checker.

Mr. KENNEDY. Were you a member of the Teamsters Union then?

Mr. ROMANO. Yes.

Mr. KENNEDY. What local?

Mr. ROMANO. The same one, 705, IBT.

Mr. KENNEDY. Did they have jurisdiction of the taxicab drivers?

Mr. ROMANO. Yes; they did.

Mr. KENNEDY. How long did you drive a taxicab?

Mr. ROMANO. About a week, and then I was made general superintendent, road superintendent.

Mr. KENNEDY. Of the taxicab company?

Mr. ROMANO. Of the Yellow Cab Co. in Chicago, and of the Checker Cab Co. in Chicago.

Mr. KENNEDY. What year was that about?

Mr. ROMANO. Well——

Mr. KENNEDY. Approximately.

Mr. ROMANO. Back in the twenties, and I don't remember when.

Mr. KENNEDY. How long did you stay with that job?

Mr. ROMANO. I don't remember the amount of years.

Mr. KENNEDY. Approximately, could you give us?

Mr. ROMANO. Quite a few years.

Mr. KENNEDY. Do you remember what your next job was?

Mr. ROMANO. Selling automobiles after that.

Mr. KENNEDY. For whom?

Mr. ROMANO. For Dearborn Motors of Chicago, and Ferto Motors of Chicago.

Mr. KENNEDY. How long did you keep that position?

Mr. ROMANO. I did that for a couple of years, I think.

Mr. KENNEDY. Were you a member of any union then?

Mr. ROMANO. Still a member of the Teamsters.

Mr. KENNEDY. 705?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. Did they have jurisdiction of those employees?

Mr. ROMANO. No, sir; those were the sales people.

Mr. KENNEDY. Were you an officer at that time?

Mr. ROMANO. Of the automobile Teamsters; no. I just got my book.

Mr. KENNEDY. You just had your book?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. What did you do after you were a salesman?

Mr. ROMANO. I went to work as an organizer and business agent for the Chicago Bartender's Union.

Mr. KENNEDY. When was that?

Mr. ROMANO. In 1934, I think it was.

Mr. KENNEDY. Who hired you in that job?

Mr. ROMANO. John Stackenburg, and George McLane. One was a secretary-treasurer, and the other was the business agent.

Mr. KENNEDY. How long did you stay with them?

Mr. ROMANO. I stayed there 6 years.

Mr. KENNEDY. Up to 1940, or 1941, about?

Mr. ROMANO. About up to 1940.

Mr. KENNEDY. Then you resigned, did you?

Mr. ROMANO. I resigned; yes, sir.

Mr. KENNEDY. And then what did you do after that?

Mr. ROMANO. Then I associated with a law firm, Teitelbaum and Milnick, and I got a contract from them doing labor relations work, and I did that for 12 years.

Mr. KENNEDY. Had you known Mr. Teitelbaum for a long time?

Mr. ROMANO. I knew him a couple of years prior to that. I worked with him on settling a strike.

Mr. KENNEDY. Had he been representing the same side as you?

Mr. ROMANO. We were on opposite sides.

Mr. KENNEDY. You were with the union?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. And he was with the association?

Mr. ROMANO. He was an attorney at law.

Mr. KENNEDY. Was he representing any particular restaurant at that time?

Mr. ROMANO. He was Carbonetti's personal counsel, president of the Chicago Restaurant Association.

Mr. KENNEDY. Did he himself have some restaurants?

Mr. ROMANO. He had a chain of 13, I believe.

Mr. KENNEDY. Do you remember the names of those restaurants?

Mr. ROMANO. All called the Triangle Restaurants.

Mr. KENNEDY. Did you know Mr. Milnick, or had you known him?

Mr. ROMANO. Melnick was the maiden name of his wife, and she was also an attorney.

Mr. KENNEDY. This Melnick of whom Teitelbaum was a partner, what was his first name?

Mr. ROMANO. Esther.

Mr. KENNEDY. What is that?

Mr. ROMANO. Esther.

Mr. KENNEDY. That was the girl, is that right?

Mr. ROMANO. That was his wife.

Mr. KENNEDY. Was there a man Melnick in it?

Mr. ROMANO. Yes, there was; and I forget his name, and he was an uncle of the girl, and he was associated with the law firm, Melnick, and there was a Max List, another attorney associated with the firm.

Mr. KENNEDY. What was your position with the union at the time that you resigned?

Mr. ROMANO. I was president of the Bartender's Union.

Mr. KENNEDY. Local what?

Mr. ROMANO. Local 278.

Mr. KENNEDY. What other positions had you held with local 278?

Mr. ROMANO. I started as organizer and business agent.

Mr. KENNEDY. And then you were elected as president, were you appointed?

Mr. ROMANO. Yes, sir, in the process of being active, I was elected president 2½ years prior to my resigning.

Mr. KENNEDY. How many members of the union were there?

Mr. ROMANO. Well, there were 4,200 when I left, and it started with about 750.

Mr. KENNEDY. Did you have any opposition when you ran for president or was it unanimous?

Mr. ROMANO. I was unanimously elected.

Mr. KENNEDY. Everybody wanted you?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. Then you went to work with Mr. Teitelbaum. What kind of work did you do for him?

Mr. ROMANO. Labor relations work, and anything that pertained to labor, and we counseled, and we negotiated contracts together.

Mr. KENNEDY. You and Mr. Teitelbaum?

Mr. ROMANO. Yes.

Mr. KENNEDY. How long did you hold that job?

Mr. ROMANO. Twelve years.

(At this point, the following members were present: Senators McClellan and Curtis.)

Mr. KENNEDY. Then you resigned, or were fired, or what?

Mr. ROMANO. The job ran out. Teitelbaum's contract expired and my job expired with it, and contract, too.

Mr. KENNEDY. How much money were you making at that time?

Mr. ROMANO. When it expired I was making \$18,000, yes.

Mr. KENNEDY. From the restaurant association?

Mr. ROMANO. From the law firm.

Mr. KENNEDY. You got a check from the law firm?

Mr. ROMANO. I got checks and I got cash.

Mr. KENNEDY. You got paid both ways, did you?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. Did you also get expenses?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Just the \$18,000?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. Then what did you do after that, in 1953?

Mr. ROMANO. Well, I went to Florida, semiretired.

Mr. KENNEDY. Did you have any employment at all? Have you had any employment since 1953?

Mr. ROMANO. With 2 or 3 different insurance companies in Florida.

Mr. KENNEDY. What have you been living on since then?

Mr. ROMANO. My savings.

Mr. KENNEDY. Your savings? Is that the money you saved while you were with the restaurant association?

Mr. ROMANO. And my 64 years.

Mr. KENNEDY. You put all that money in a bank, did you, somewhere? Excuse me?

Mr. ROMANO. I am going to decline to answer the question.

The CHAIRMAN. On what ground? Let's make a record of it.

Mr. ROMANO. You might use it, so it may tend to incriminate me.

The CHAIRMAN. In other words, if you told whether you put your money into a bank, it might tend to incriminate you: is that your position?

Mr. ROMANO. That is right.

The CHAIRMAN. It would not incriminate you, would it, if you did not put your money into a bank?

Mr. ROMANO. I think it is personal. If I have done anything wrong, there is enough law-enforcing agencies to take care of me.

The CHAIRMAN. I beg your pardon?

Mr. ROMANO. I said if I did anything wrong, there are enough law-enforcing agencies to take care of me. I have nothing to hide.

The CHAIRMAN. I didn't assume you did.

Mr. ROMANO. Then it is my personal business. I don't have to reveal it. There is no law that says that I do.

The CHAIRMAN. It is just a question of whether you want to co-operate with the committee.

Mr. ROMANO. I will cooperate to the extent my conscience will let me.

The CHAIRMAN. The best your conscience will let you?

Mr. ROMANO. Yes.

The CHAIRMAN. Well, I hope your conscience will let you, and you will be able to fully cooperate.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Have you ever been arrested, Mr. Romano?

Mr. ROMANO. I decline to answer the question on the same grounds.

The CHAIRMAN. On what ground?

Mr. ROMANO. It may tend to incriminate me.

Mr. KENNEDY. Prior to the time that you went with the union, had you ever been arrested? Would you tell us about that?

Mr. ROMANO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Romano, you and I had a talk down in the office prior to your coming up here?

Mr. ROMANO. That is right.

Mr. KENNEDY. Didn't I ask you that question then?

Mr. ROMANO. I don't remember.

Mr. KENNEDY. You don't remember that, a half hour ago? If I tell you that I did ask you the question and that you replied that you had been arrested about a dozen times, would that refresh your recollection?

Mr. ROMANO. I don't remember.

Mr. KENNEDY. You don't remember that?

Mr. ROMANO. No.

The CHAIRMAN. You mean you don't remember a conversation you may have had within the last hour?

Mr. ROMANO. Well, he had me all excited by going into my personal business. I did not know what he was talking about.

The CHAIRMAN. It may be your personal business, but if you were arrested and convicted, it would also be a public record and would be public business.

Mr. ROMANO. And personal.

The CHAIRMAN. Yes; I suppose it could be said that anyone who commits a crime, while committing it is tending to what he calls his personal business. It also becomes a matter of public interest.

Mr. ROMANO. Right.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You don't remember that conversation at all?

Mr. ROMANO. I don't remember.

Mr. KENNEDY. And then you said you had been arrested about a dozen times. You were asked what you had been arrested for. Do you remember that?

Mr. ROMANO. No.

Mr. KENNEDY. You said "I have been arrested a dozen times for playing hooky." You don't remember saying that?

Mr. ROMANO. I don't remember.

Mr. KENNEDY. You don't remember that at all?

Mr. ROMANO. No.

Mr. KENNEDY. You don't remember skipping school and being arrested for playing hooky?

Mr. ROMANO. I don't remember.

Mr. KENNEDY. That took place just about an hour ago. You don't remember that?

Mr. ROMANO. Do you remember getting me all excited? Don't you remember that? You told me to tell the truth.

The CHAIRMAN. Are you excited now?

Mr. ROMANO. I asked you why don't you thrive on the truth instead of a lot of newspaper publicity. Didn't I ask you that? We were all excited, weren't we? How do you expect me to remember anything during an excitable conversation?

Mr. KENNEDY. I say I remember that, now, do you remember telling me you had been arrested a dozen times for playing hooky?

Mr. ROMANO. I don't remember saying it.

Mr. KENNEDY. You can't remember that?

Mr. ROMANO. No.

Mr. KENNEDY. While you were with the Restaurant Association, would you tell us where your bank accounts were?

Mr. ROMANO. I was not with no Restaurant Association.

Mr. KENNEDY. When you were with Mr. Teitelbaum.

Mr. ROMANO. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Were you doing any work for the Restaurant Association while you were with Mr. Teitelbaum?

Mr. ROMANO. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Would you tell us what kind of work you were doing for the Restaurant Association?

Mr. ROMANO. Play it in another pitch. I can't sing that same tune. I decline to answer the question on the grounds—

Mr. KENNEDY. Would you say that a little louder? I could not hear the first part of it.

Mr. ROMANO. I decline to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Just what kind of work were you doing at that time, Mr. Romano?

Mr. ROMANO. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Mr. Romano, you said that you were in labor relations work, working for the Teitelbaum law firm. Did you take part in getting some strikes settled while you worked there?

Mr. ROMANO. I took part in the office work.

Senator CURTIS. Were a number of strikes settled?

Mr. ROMANO. There were.

Senator CURTIS. How would you go about getting the parties together to settle them?

Mr. ROMANO. The first thing we would ask the union if they represented the people, and what people they represented, to offer their names. If they represented a majority of the people, we negotiated with them.

Senator CURTIS. Is it true that sometimes you caused employers to put certain of their employees into the union as a matter of settlement?

Mr. ROMANO. Not to my knowledge. I wouldn't tolerate any of that stuff.

Senator CURTIS. So far as you know, there was never any settlement in any case where management would say, "Well, we will yield to your demand to put in 12 employees into the union and the money will be sent over there and the names of the employees," and they would not know anything about it?

Mr. ROMANO. I never negotiated that type of a contract. The only time we made a concession, I would say, was when they had the majority of the people, and we granted the employer time to replace the nonunion people with union people.

Senator CURTIS. I am not talking about writing a contract. I am talking about settling strikes, where the union has picket lines out in front of a place that they did not have any members in at all.

Did you participate in some of those settlements?

Mr. ROMANO. Only the office work.

Senator CURTIS. Only the office work?

Mr. ROMANO. That is right. I had nothing to do with the negotiation between the employer and the union. The law firm did that.

Senator CURTIS. You were quite familiar with what went on in the office?

Mr. ROMANO. Sir?

Senator CURTIS. You were quite familiar with what went on in the office?

Mr. ROMANO. Yes.

Senator CURTIS. Was money that came from management ever paid to unions or union officials during the course of these settlements?

Mr. ROMANO. That part didn't come under my knowledge at all. I had nothing to do with that.

Senator CURTIS. You just told me that you worked in the office, and you were familiar with what went on there.

Mr. ROMANO. Only with what pertained to negotiating a contract or settling a strike. If there was any moneys paid, the legal end of it handled that. I know nothing about it.

Senator CURTIS. That is all, Mr. Chairman.

Mr. KENNEDY. So that we get it completely understood, you say that you never had anything to do with making arrangements to bring in just a certain number of employees and making them members of the union?

Mr. ROMANO. No. Just with Teitelbaum. Whatever I discussed with labor-management—

Mr. KENNEDY. I am asking whether you personally had any knowledge, information, or participated yourself in bringing in a certain number of employees and arbitrarily making them members of the union.

Mr. ROMANO. No, sir; I never had anything to do with that.

Mr. KENNEDY. You never had anything to do with that. Did you have anything to do with the Inglenook Restaurant?

Mr. ROMANO. No.

Mr. KENNEDY. You never had any conversations or discussions about that?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Do you know Mr. Les Johnson of the Inglenook Restaurant?

Mr. ROMANO. No; I don't.

Mr. KENNEDY. You never had any conversations with him?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Do you know Mr. Frank Nitti?

Mr. ROMANO. I refuse to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. We have information that you did know Frank Nitti and that you were placed in local 278 by him. Is that correct?

Mr. ROMANO. No, sir; it is not correct.

Mr. KENNEDY. Did you know Frank Nitti?

Mr. ROMANO. No; I did not.

Mr. KENNEDY. You never met him?

Mr. ROMANO. Never met him.

Mr. KENNEDY. You never discussed it with him?

Mr. ROMANO. How could I discuss it with him? I didn't know him.

Mr. KENNEDY. Why did you take the fifth amendment on knowing Frank Nitti?

Mr. ROMANO. Because I don't know what you are liable to twist and connect me up with.

Mr. KENNEDY. I am just asking you questions.

Mr. ROMANO. Not much.

Mr. KENNEDY. Mr. Romano, I am just asking you questions. All we want are the honest answers. Did you know Frank Nitti?

Mr. ROMANO. No.

Mr. KENNEDY. Did you know Murray "The Camel" Humphreys?

Mr. ROMANO. No.

Mr. KENNEDY. You never met him?

Mr. ROMANO. No.

Mr. KENNEDY. Never knew him?

Mr. ROMANO. No.

Mr. KENNEDY. Louis Campagna?

Mr. ROMANO. No, sir.

Mr. KENNEDY. You never met him?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Paul "The Waiter" Ricca?

Mr. ROMANO. No.

Mr. KENNEDY. Frederick Evans?

Mr. ROMANO. I knew him because he lived in the same building as I lived in.

Mr. KENNEDY. You never had any dealings with him?

Mr. ROMANO. None whatsoever.

Mr. KENNEDY. Did you ever make an arrangement with him that he would handle all the loans to the bartenders in the Chicago area?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Do you know Tony Arccardo?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Did you ever meet him?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Did you ever talk to him?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Were you ever arrested with him?

Mr. ROMANO. Not to my knowledge, no, sir.

Mr. KENNEDY. Did you ever go to the Chicago Police Department and ask that a picture of you and Tony Arccardo be removed from the files?

Mr. ROMANO. That is a procedure that is followed—

Mr. KENNEDY. Just answer the question.

Mr. ROMANO. I believe I did, yes.

Mr. KENNEDY. Would you explain that?

Mr. ROMANO. I don't know if it was with him or with anybody else.

Mr. KENNEDY. Explain that to the committee.

Mr. ROMANO. I don't know of any pictures.

Mr. KENNEDY. What did you do?

Mr. ROMANO. I got nothing to do with the way the police department runs the police department. They will put 90 people up against the wall and take their picture and it will be a group picture. What business have they got doing that for display for your benefit for what you are doing now?

Mr. KENNEDY. Did you go to the police department and make such a request?

Mr. ROMANO. I did.

Mr. KENNEDY. What were the circumstances?

Mr. ROMANO. The circumstances were I got my picture out of there. It didn't belong there. The arrest was false.

Mr. KENNEDY. Who was your picture with?

Mr. ROMANO. I don't know.

Mr. KENNEDY. Don't you know your picture was with Tony Arccardo at the time?

Mr. ROMANO. No, I don't know.

Mr. KENNEDY. Don't you know at this time?

Mr. ROMANO. You are telling me. I know it now.

Mr. KENNEDY. Didn't you know before this?

Mr. ROMANO. No.

Mr. KENNEDY. You never knew that?

Mr. ROMANO. No.

Senator CURTIS. Mr. Romano, when were you last a member of the Teamsters Union, about when?

Mr. ROMANO. I don't remember. I would have to look it up to tell you.

Senator CURTIS. Would it be in the 1930's, the 1940's, or when?

Mr. ROMANO. It was back from 1917 or 1915 all the way up to the 1930's.

Senator CURTIS. Did you know any officials in the Teamsters Union, any of the international officials?

Mr. ROMANO. Yes. I knew Ray Schlesinger of the Beer Drivers. A lot of them are deceased now. Shea is deceased. Tom Neery is deceased.

Senator CURTIS. Did you ever know the international president?

Mr. ROMANO. Of a Chicago local?

Senator CURTIS. No, of the whole country.

Mr. ROMANO. I knew Dan Tobin.

Senator CURTIS. Did you know any of the men that followed Dan Tobin?

Mr. ROMANO. No, I just heard of them. I don't know. I didn't know any of them.

Senator CURTIS. But you did know Dan Tobin?

Mr. ROMANO. Right.

Senator CURTIS. You knew most of the Teamsters officials in Chicago?

Mr. ROMANO. I still know a lot of them now. I know Sandy O'Brien, with the Meat Drivers.

Senator CURTIS. Do you know any of the Teamster Union officials or agents in St. Louis?

Mr. ROMANO. No, I don't.

Senator CURTIS. Information has come to this committee that the Chicago Crime Commission had a list of people alleged by them to be members of the Al Capone syndicate back in 1944, and it listed a Louis Romano, of 735 Junior Terrace, Chicago. Is that you?

Mr. ROMANO. That is me.

Senator CURTIS. That is correct?

Mr. ROMANO. What is correct? I did not understand the question.

Senator CURTIS. The listing by the Chicago Crime Commission. Were you a part of the Capone syndicate?

Mr. ROMANO. No, sir.

Senator CURTIS. You didn't know any of the men connected with it?

Mr. ROMANO. Who was the crime commissioner? Mr. Peterson?

Senator CURTIS. Yes.

Mr. ROMANO. Yes, I sat with Mr. Peterson at one of the Kiwanis Club meetings, several times. Mr. Peterson ain't no angel.

Senator CURTIS. How did your name get on that list?

Mr. ROMANO. Ask Peterson. He gave it to you.

Senator CURTIS. You weren't a member of the Capone syndicate at all?

Mr. ROMANO. Definitely not. I was making my living doing labor-relations work with a law firm at that time, 1944.

Senator CURTIS. No, I am talking about any time.

Mr. ROMANO. At no time.

Senator CURTIS. Did you ever know any of the men that were in the Capone syndicate?

Mr. ROMANO. How should I know? I had nothing to do with them.

Senator CURTIS. When did you first learn that the crime commission listed you as a member of the Capone syndicate?

Mr. ROMANO. Right now. You are telling me.

Senator CURTIS. That is the first you ever heard of it?

Mr. ROMANO. The first I ever heard of it.

Senator CURTIS. If I were you, I would sue them.

Mr. ROMANO. Don't worry, I am going to do a lot of suing when I get back to that burg.

Senator CURTIS. If they spelled your name right, had the correct address, accused you of being a member of the Capone syndicate—

Mr. ROMANO. Can I help it if that guy likes the front page, that guy Peterson?

Senator CURTIS. And, being a member of the Capone syndicate, I think you have a good case.

Mr. ROMANO. I got a good case against a lot of the newspapers, too. Senator CURTIS. Well, I would be interested in you. Proceed.

Mr. ROMANO. Give me counsel and I will start tomorrow.

Senator CURTIS. I can't do that.

Mr. ROMANO. You can't do it.

Mr. KENNEDY. Have you ever shot anybody?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Were you arrested for shooting anyone?

Mr. ROMANO. I refuse to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. According to the records that we have, on April 5, 1922, you shot Abe Rubin four times, and he was killed. Is that correct?

Mr. ROMANO. No, sir.

Mr. KENNEDY. Were you involved in that at all?

Mr. ROMANO. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And, also, you shot Isadore Suporr and Charles Hadesman.

Mr. ROMANO. Why don't you go and dig up all the dead ones out in the graveyard and ask me if I shot them, you Chinaman?

Mr. KENNEDY. I am just asking you if you shot these.

The CHAIRMAN. You do not have counsel. Let the Chair admonish you now to answer the questions respectfully.

Mr. ROMANO. Yes or no; all right; ask the questions.

The CHAIRMAN. Show proper respect for your Government.

Mr. KENNEDY. Were you arrested in connection with shooting Abe Rubin?

Mr. ROMANO. No.

Mr. KENNEDY. Were you arrested in connection with shooting Charles Hadesman?

Mr. ROMANO. I decline to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. Were you arrested in connection with the shooting of Isadore Suporr?

Mr. ROMANO. I decline to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. That was in 1922. Were you, in fact, indicted for the shooting of these individuals?

Mr. ROMANO. I decline to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. You stated that you were not arrested in connection with the shooting of Abe Rubin, and, in fact, we have information that you were indicted for that murder.

Mr. ROMANO. I decline to answer your question on the ground it may tend to incriminate me.

Mr. KENNEDY. Mr. Romano, I remind you that you are under oath.

Mr. ROMANO. I am.

Mr. KENNEDY. According to our records, it was indictment No. 28308. Not only were you arrested, but you were indicted.

Mr. ROMANO. I decline to answer your question on the ground it may tend to incriminate me.

Mr. KENNEDY. That was for murder. You were indicted also for assault with intent to murder Charles Hadesman. Is that right?

Mr. ROMANO. I decline to answer your question.

Mr. KENNEDY. Then, later on, in 1933, arrested for the fatal shooting of Albert Lucenti; is that correct?

Mr. ROMANO. I decline to answer your question on the ground it may tend to incriminate me.

Mr. KENNEDY. Did you know George Scalise?

Mr. ROMANO. I decline to answer your question on the ground it may tend to incriminate me.

Mr. KENNEDY. You have already said, in answer to Senator Curtis, that you did not know any members of the Al Capone syndicate. Did you know George Scalise?

Mr. ROMANO. I did not know George Scalise.

Mr. KENNEDY. You never met George Scalise?

Mr. ROMANO. No.

Mr. KENNEDY. Mr. Kelly has already been sworn, Mr. Chairman. Could I ask him a question?

TESTIMONY OF JAMES P. KELLY—Resumed

Mr. KENNEDY. Did you interview Mr. Romano in Florida?

Mr. KELLY. Yes; I did.

Mr. KENNEDY. Did you ask him at that time if he knew George Scalise?

Mr. KELLY. Yes.

Mr. KENNEDY. What did he say?

Mr. KELLY. He said he had seen George Scalise in Chicago one time in the mid-1930's. I asked him if he had known Scalise to be connected with any labor unions, and he said he didn't recall, but he thought he saw him at a labor meeting.

Mr. KENNEDY. But he didn't indicate that he knew, but just said that he saw him?

Mr. KELLY. He just said he saw him there.

TESTIMONY OF LOUIS ROMANO—Resumed

Mr. KENNEDY. Now, did you know Fred Evans was connected with the Al Capone syndicate?

Mr. ROMANO. No; I did not.

Mr. KENNEDY. But you know Fred Evans?

Mr. ROMANO. I lived in the same building with him.

Mr. KENNEDY. Well, he is also listed. Did you have any business dealings with him?

Mr. ROMANO. None whatsoever.

Mr. KENNEDY. Now, the master in chancery on February 13, 1941, stated that he was convinced that the Al Capone gang in Chicago was attempting to take over this Bartender's Union and was attempting to use you for that purpose. Do you deny that was true?

Mr. ROMANO. I certainly do.

Mr. KENNEDY. Do you know Sid Poritsky?

Mr. ROMANO. I know him now; yes.

Mr. KENNEDY. Did you get into an altercation with Sid Poritsky in Florida?

Mr. ROMANO. Yes, sir; I did.

Mr. KENNEDY. What was that about?

Mr. ROMANO. We had a little fight.

Mr. KENNEDY. About what?

Mr. ROMANO. Somebody ran by my car, and he was chasing somebody, and he didn't see him go past my car, and he thought I was that person, and so he grabbed me by the neck, and he said, "You are under arrest. You are a shoplifter," and I said, "Take your hands off me; you don't know what you are talking about." So, he tried to drag me and punch me and push me, and we wound up in a fight.

Mr. KENNEDY. And you were the wrong man?

Mr. ROMANO. I was the wrong man.

Mr. KENNEDY. Did he apologize?

Mr. ROMANO. He apologized, and it is all over with.

Mr. KENNEDY. Did he give you a written apology?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. You never apologized to him?

Mr. ROMANO. Did I apologize to him?

Mr. KENNEDY. He apologized to you?

Mr. ROMANO. He apologized to me.

Mr. KENNEDY. He had the wrong man as the individual who was shoplifting?

Mr. ROMANO. That is right.

Mr. KENNEDY. Isn't it a fact that you gave him \$500?

Mr. ROMANO. I didn't pay him nothing, and I know nothing about any money.

Mr. KENNEDY. Mr. Chairman, we have information quite to the contrary as to how he is testifying, including this matter about Sid Poritsky. It is a matter that is not directly involved with labor, but it is a matter going to the veracity of the witness and the answers that he is giving to the questions that are being asked of him by the committee.

The CHAIRMAN. When did you have this struggle with him?

Mr. ROMANO. Here about 2 months ago, I believe, or 3 months ago.

The CHAIRMAN. About 3 months ago?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. I hand you here a cashier's check in the amount of \$500 on the Coral Gables First National Bank, payable to the order of Pucci, and I present this check to you and ask you to examine it and state if you identify it.

(A document was handed to the witness.)

Mr. ROMANO. I never saw the check before.

The CHAIRMAN. Did you purchase that cashier's check?

Mr. ROMANO. No, sir.

The CHAIRMAN. Will you write your name on that pad, and send it up to me, please, sir?

(The witness wrote his name.)

(The document was handed to the chairman.)

The CHAIRMAN. Thank you very much. This check may be made exhibit No. 18.

(Document referred to was marked "Exhibit No. 18" for identification, and will be found in the appendix on p. 12858.)

The CHAIRMAN. Are you married?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. Would you recognize your wife's signature?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. I present your application here for exchange in the amount of \$500, dated March 25, 1958, and I ask you to examine the signature on it, as the applicant, and state if you identify it.

(A document was handed to the witness.)

Mr. ROMANO. I think that is her signature.

The CHAIRMAN. That is her signature?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. I will ask you to examine now the check, and this application may be made exhibit No. 18-A.

(Document referred to was marked "Exhibit No. 18-A" for identification, and will be found in the appendix on p. 12859.)

The CHAIRMAN. I will ask you to examine the check and the application, and see if they are not dated the same date.

(Documents were handed to the witness.)

Mr. ROMANO. Yes, sir.

The CHAIRMAN. They are the same date?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. After you have examined the signature, I will ask you to examine the endorsement on the reverse side and read that endorsement.

Mr. ROMANO. Yes; I did.

The CHAIRMAN. Will you read it out loud, please?

Mr. ROMANO [reading]:

Pay to the order of Sid Poritsky, as full settlement for damages re Louis Romano.

GERALD R. PUCCI.

The CHAIRMAN. Do you have any explanation of that?

Mr. ROMANO. It is Sidney Poritsky.

The CHAIRMAN. Do you have any explanation of that?

Mr. ROMANO. No; I haven't.

The CHAIRMAN. It seems that he got \$500 in full settlement.

Mr. ROMANO. He didn't get it from me, and I didn't give it to him.

The CHAIRMAN. You knew about it, of course?

Mr. ROMANO. I know about it now.

The CHAIRMAN. You knew about it then, didn't you?

Mr. ROMANO. Not then; no.

The CHAIRMAN. When did you first hear about it?

Mr. ROMANO. I don't remember; about a month later.

The CHAIRMAN. About a month after it happened?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. So, you do know that he was paid \$500 in full settlement of damages you had caused him?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. You knew that?

Mr. ROMANO. Yes.

The CHAIRMAN. You knew it when we first started to interrogate you about it, didn't you?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. And yet you denied that it had occurred.

Mr. ROMANO. I didn't deny it occurred, and I said we had a fight.

The CHAIRMAN. I know, but you were asked if you didn't pay him damages.

Mr. ROMANO. I didn't settle with him. I wouldn't give him a lead nickel, and he wasn't entitled to it.

The CHAIRMAN. He was settled with by your wife; is that correct?

Mr. ROMANO. She wanted it settled.

The CHAIRMAN. And to your knowledge?

Mr. ROMANO. I was in the right.

The CHAIRMAN. You knew she was handling it for you, didn't you?

Mr. ROMANO. What is that?

The CHAIRMAN. You knew she was handling it for you?

Mr. ROMANO. I didn't know she was handling it.

The CHAIRMAN. You sent her to the bank to get the money and take care of it, didn't you?

Mr. ROMANO. I did nothing of the kind.

The CHAIRMAN. Don't you know she did it with your approval and under your direction?

Mr. ROMANO. She didn't do it with my approval.

The CHAIRMAN. I read in the record here an affidavit, pertinent parts of it, and it may be printed in full in the record at this point. The affidavit is from Sid Poritsky, and it is dated the 26th day of June 1958.

(The affidavit is as follows:)

I, Sid Poritsky, who resides at 6510 Southwest 13th Street, South Miami, Fla., freely and voluntarily make the following statement to Ralph W. Mills, who has identified himself to me as a member of the staff of the United States Senate Select Committee on Improper Activities in the Labor-Management Field. No threats, force, or duress has been used to induce me to make this statement, nor have I received any promise of immunity from any consequences which may result from submission of this statement to the aforementioned Senate select committee:

I am employed as a security guard by Roland Bayles, of 5024 Northwest Seventh Avenue, Miami, Fla.

On March 13, 1958, I was working at the Stevens Market in South Miami Fla. I was maintaining surveillance from a secret vantage point in the market for the purpose of observing shoplifters.

I observed a person who was later identified as Louis Romano of 6513 Santona Street, Coral Gables, Fla., take two reels of fishing line from one of the shelves and place them in the pocket of the jacket he was wearing. I kept him under surveillance until he checked out at the cashier's counter, at which time I went down and asked the cashier if this person had paid for the fishing line. She informed me that he had not. I then followed him out to the parking lot, where I observed him taking the two reels of fishing line from his pocket and placing them in the open trunk of a 1956 Chevrolet sedan.

I approached this person and identified myself as the security officer for Stevens Market. I said to him, "Did you pay for that fishing line?" He said to me, "Are you accusing me of stealing this line?" I told him that he could call it whatever he wanted to, but that he had not paid for the fishing line and would have to return to the market with me. At this point he struck me on the face with his hand causing a laceration on my left cheek. I grappled with him, but he managed to break away, get into the 1956 Chevrolet sedan, and drive away.

I was able to obtain the license plate number (1-131057) of this car, and through the South Miami Police Department was able to ascertain that the car was registered to a Rochelle Romano who lived at 6513 Santona Street, Coral Gables, Fla. She told the police that her husband, Louis Romano, had called her prior to their arrival and told her that he had been in some trouble at the market, and would not be home.

I then went to the South Miami Police Department and swore out an affidavit charging Louis Romano with violation of ordinance 344, chapter 15, section 18 (disorderly conduct, assaulting complainant, and petty larceny shoplifting.)

Approximately a week before this altercation I was released from the Coral Gables Veterans' Administration Hospital, with a diagnosis of a heart condition. I was treated by my private physician, Dr. Yesner, and although I did not require hospitalization as a result of this altercation, I have had to visit the Veterans'

Administration since that time for treatment of my heart condition which was aggravated by this altercation.

A few days after the altercation I was visited at my home by an attorney who identified himself to me as Gerard Pucci, and told me that he represented Louis Romano, having been retained by Romano's wife, Rochelle. He said that his client wanted to settle this matter and offered me the sum of \$100, which I then refused. I then heard from my boss, Mr. Roland Bayles, who told me that he had received some phone calls from "people" who were putting pressure on him to talk to me about settling with Louis Romano. I again heard from the lawyer, Pucci, who told me that his client would pay \$500 to settle this case, provided I would drop the charges against him. I finally agreed to do so, and received a cashier's check from the Coral Gables First National Bank, dated March 25, 1958, for the sum of \$500. I recall that this check was made out to Gerard R. Pucci, who endorsed it to me as follows:

"Pay to the order of S. Poritsky as full settlement for damages re Louis Romano.

"GERARD R. PUCCI."

I deposited this check in my own bank account. I considered this payment as a payoff to drop charges against Romano in this case.

I have read the foregoing statement, and to the best of my knowledge, it is true and correct.

Witness:

SIDNEY PORITSKY.

JAMES F. MUNDIE.

Sworn and subscribed to before me this 26th day of June 1958.

RALPH V. ACHLUNN.

Notary Public, State of Florida, at Large.

My commission expires November 8, 1958.

Bonded by Pan American Surety Co.

The CHAIRMAN. Is that affidavit true?

Mr. ROMANO. Search me; I don't know.

The CHAIRMAN. What do you mean by shrugging your shoulders?

Mr. ROMANO. You have got it, and you didn't get it from me.

The CHAIRMAN. I asked you if it is true, and you know whether the facts are true or not.

Mr. ROMANO. I paid no attention to you because I don't believe it.

The CHAIRMAN. You don't believe what?

Mr. ROMANO. I don't believe what the affidavit says.

The CHAIRMAN. Well, you know whether it is true or not.

Mr. ROMANO. Am I going to say "yes" to a man whom you say accepted money?

The CHAIRMAN. You can answer or take the fifth amendment.

Mr. ROMANO. No.

The CHAIRMAN. The statement is not true?

Mr. ROMANO. No.

The CHAIRMAN. Well, the check is true, that part of it is true: isn't it?

Mr. ROMANO. Yes, sir; but not for what he said he got it for.

The CHAIRMAN. What is that?

Mr. ROMANO. Not for what he said he got it for.

The CHAIRMAN. What did you give him the check for or have it given to him for?

Mr. ROMANO. I understand it was for his doctor bill.

The CHAIRMAN. All right, then, you paid him for the damage you had done?

Mr. ROMANO. And he admitted that it was a mistaken identity, and he was wrong.

The CHAIRMAN. Why were you paying off on a mistaken identity?

Mr. ROMANO. Because I was sorry that I hurt the man.

The CHAIRMAN. Then you did pay him off, and he was paid off with your knowledge and consent; was he not?

Mr. ROMANO. I hurt him. He is 40 years old and I am 64.

The CHAIRMAN. Let me ask the question and then you answer it. You said you didn't know about it for a month afterwards?

Mr. ROMANO. That is right.

The CHAIRMAN. That is what you testified to a few moments ago?

Mr. ROMANO. Yes, sir.

The CHAIRMAN. And now you say you knew you were paying him off for his doctor bill; is that right?

Mr. ROMANO. That is correct.

The CHAIRMAN. So you did know of the transaction at the time?

Mr. ROMANO. Not what he stated. You are reading me his statement.

The CHAIRMAN. I am not saying that.

Mr. ROMANO. I don't care what he stated.

The CHAIRMAN. Are you going to be respectful?

Mr. ROMANO. I am respectful, but you want me to say——

The CHAIRMAN. You let me ask the questions and you answer them any way you want to.

Mr. ROMANO. I answered "No."

The CHAIRMAN. All right, I am asking you if you didn't know at the time of this payoff to him?

Mr. ROMANO. That it was for what purpose?

The CHAIRMAN. Did you know at the time that \$500 was given to him, that it was being given to him?

Mr. ROMANO. For his doctor bill.

The CHAIRMAN. Did you know it was being given to him?

Mr. ROMANO. For his doctor bill; yes.

The CHAIRMAN. At the time?

Mr. ROMANO. At the time.

The CHAIRMAN. Now, awhile ago you said you didn't know anything about it, but you didn't know it for a month afterward. Proceed.

Mr. ROMANO. I mean a month later, and I didn't negotiate the deal.

The CHAIRMAN. You knew it was being negotiated, didn't you? Didn't you know all about it?

Mr. ROMANO. I had an idea it was being negotiated but I wasn't consulted on it.

The CHAIRMAN. You knew it?

Mr. ROMANO. What difference does it make?

The CHAIRMAN. It doesn't matter whether it makes any difference or not.

Mr. ROMANO. A man got paid for his troubles.

The CHAIRMAN. I am asking you the question, Did you know it or didn't you?

Mr. ROMANO. What is the question?

The CHAIRMAN. Did you know or didn't you know that the \$500 was being paid to him at the time?

Mr. ROMANO. I knew a month later.

The CHAIRMAN. You didn't know it at the time?

Mr. ROMANO. No.

The CHAIRMAN. Now then how do you know then it was being paid for his doctor bill?

Mr. ROMANO. Because I was told it was for his doctor bill.

The CHAIRMAN. When?

Mr. ROMANO. A month later.

The CHAIRMAN. You never heard of it before that?

Mr. ROMANO. No.

Senator CURTIS. Mr. Chairman, may I ask, Where were you when the settlement was being made?

Mr. ROMANO. I was at home.

Senator CURTIS. You were at home?

Mr. ROMANO. Yes.

Senator CURTIS. Hadn't you telephoned your wife and said you wouldn't be at home?

Mr. ROMANO. I went away on a business trip.

Senator CURTIS. You had gone away?

Mr. ROMANO. For about 2 days, and I was back home all of the time.

Senator CURTIS. The first couple of days you didn't show up here at home.

Mr. ROMANO. I had business to tend to.

Senator CURTIS. You didn't go back from the market, did you?

Mr. ROMANO. No.

Senator CURTIS. You said you were going to take care of this business?

Mr. ROMANO. No; I didn't.

Senator CURTIS. But you did go away for a couple of days?

Mr. ROMANO. Yes; I had some business to attend to.

Senator CURTIS. That is all.

Mr. KENNEDY. Where did you get the money, Mr. Romano, and where did the money come from to settle this?

Mr. ROMANO. I don't know. My wife paid it.

Mr. KENNEDY. What was her source of income?

Mr. ROMANO. She has no income.

Mr. KENNEDY. Where did your money come from?

Mr. ROMANO. I saved my money when I was working.

Mr. KENNEDY. Where do you keep your money?

Mr. ROMANO. In my pockets.

Mr. KENNEDY. You just walk around with it in your pockets?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. You own an automobile?

Mr. ROMANO. Yes, sir.

Mr. KENNEDY. What kind of an automobile?

Mr. ROMANO. Chevrolet.

Mr. KENNEDY. When did you get that?

Mr. ROMANO. 1956.

Mr. KENNEDY. How did you pay for that?

Mr. ROMANO. Cash.

Mr. KENNEDY. Where did you get the cash?

Mr. ROMANO. From my savings.

Mr. KENNEDY. Where do you keep your savings?

Mr. ROMANO. In my pocket.

Mr. KENNEDY. How much money did you have at the time?

Mr. ROMANO. Don't remember.

Mr. KENNEDY. How much money do you have in cash now in your pocket?

Mr. ROMANO. I decline to answer.

Mr. KENNEDY. On what grounds?

Mr. ROMANO. It may tend to incriminate me.

Mr. KENNEDY. Mr. Romano, we examined your income-tax returns and you haven't declared any income except \$600 a year over the period of the past 4 years, and what are you living on?

Mr. ROMANO. On my savings of prior years.

Mr. KENNEDY. From working for Mr. Teitelbaum; is that right?

Mr. ROMANO. Teitelbaum and the unions, and taxicab companies and I saved money when I was working and I paid taxes all of those years.

Mr. KENNEDY. Where did you keep the money?

Mr. ROMANO. Why don't you go and ask Uncle Sam?

Mr. KENNEDY. Where do you keep the money?

Mr. ROMANO. I don't have to reveal that question to you.

Mr. KENNEDY. Yes you do.

Mr. ROMANO. I don't have to.

Mr. KENNEDY. You are going to have to refuse.

Mr. ROMANO. I refuse to answer on the ground it may tend to incriminate me. Is that the answer you want?

Mr. KENNEDY. No; I want to get the truth.

Mr. ROMANO. That is the truth, and I don't have to tell you.

Mr. KENNEDY. Whether you were getting "payoffs" and asking payoffs?

Mr. ROMANO. You go find out and then charge me with them.

Mr. KENNEDY. Mr. Romano, the only way—

Mr. ROMANO. You find out where the payoffs were made.

Mr. KENNEDY. We want your cooperation and your help.

Mr. ROMANO. I gave it to you; and the trouble with you is you are twisting, and you are making somebody think something else is wrong here when there isn't.

The CHAIRMAN. You tell us what is wrong.

Mr. ROMANO. The whole bunch of you are wrong.

The CHAIRMAN. The whole Government is wrong, is it?

Mr. ROMANO. It is cockeyed in certain respects.

The CHAIRMAN. It is trying to prevent wrongdoing, and the whole Government is wrong?

Mr. ROMANO. They try to prevent it.

The CHAIRMAN. All right; proceed.

Mr. KENNEDY. The way we can get the facts concerning the matters that we are asking about is to go into Mr. Romano's bank accounts and learn about his cash and the sources of his income. He refuses to give answers to those questions. He has answered some questions, and we found in at least one instance that he told untruths to the committee. It seems to me that it raises a question as to all of the other testimony that he has given.

Now we are going to have some further testimony on Mr. Romano's activities, which is a further reflection on his testimony.

The CHAIRMAN. The Chair feels, since the witness does not have counsel present to represent him, and he waives counsel, that it is the duty of the Chair to admonish the witness that false statements of material facts before this committee would constitute the crime of

perjury. I think that the witness has had plenty of experience and knows that without being admonished, but I think that it is the duty of the Chair so to admonish him; and if he has made false statements here regarding material facts pertinent to this inquiry, such false statements, willfully made, would constitute perjury.

If the record develops as it may, it would be the duty of the committee to refer to the Justice Department for proper attention and action the transcript of this record of your testimony and other testimony the committee may receive that is contradictory to your statement.

So the witness may bear that in mind. If you have made any false statements and you are conscious of it, and you wish to correct your testimony at any time before you leave the witness stand, you will be given opportunity to do so.

I think that you should keep that in mind, if you haven't had it in mind, and you should get it in mind and keep it in mind until your testimony is concluded.

Proceed, Mr. Kennedy.

(At this point, the following were present: Senators McClellan, Curtis, and Ervin.)

MR. KENNEDY. Mr. Romano, will you tell us what your source of income has been over the last 4 years?

MR. ROMANO. I decline to answer the question on the ground it may tend to incriminate me.

MR. KENNEDY. Mr. Chairman, there is no sense in proceeding with this witness.

The CHAIRMAN. Is there any statement you have made under oath, before you leave the witness stand, that you want to correct?

MR. ROMANO. What statements did I answer incorrect?

The CHAIRMAN. Any answer that you have given—

MR. ROMANO. I have no record here. I don't remember the answers.

The CHAIRMAN. I think you remember the answers. I am just asking you. You have been asked a good many questions—

MR. ROMANO. If there are any incorrect, refresh my memory. I will be glad to correct them.

The CHAIRMAN. I am simply offering you the opportunity now, if you want to correct any statement you have made, before you leave the witness stand.

MR. ROMANO. I am willing to correct any misstatement.

The CHAIRMAN. All right. Did you make any misstatements?

MR. ROMANO. Not that I know of.

The CHAIRMAN. You would know. You would know better than we would.

MR. ROMANO. I don't know of any.

The CHAIRMAN. I don't think your memory is as weak as you pretend it to be. I think you can remember what you said, and I think you know what you are saying, and know whether you were telling the truth or not. I leave that to your judgment. That is a matter for you to decide. If you want to let the record stand as you made it, you have that right, and you may do so. If you want to correct it now, the Chair is offering you, the committee is offering you, that opportunity.

MR. ROMANO. I have no corrections, Your Honor.

The CHAIRMAN. All right.

Is there anything further?

Senator ERVIN. I would like to suggest that Mr. Romano can be one of the greatest public benefactors in the United States we have ever had if he can just tell us how it is, in this age of inflation and high cost of living, a man can exist 4 years on an income not exceeding \$600 a year.

Mr. ROMANO. Well, one reason is I buy very little food. Mr. Kelly seen me fishing. I catch a lot of fish for food. And I can eat it six times a week. If you want any good hints how to cut down the high cost of living, there is a good one.

Senator ERVIN. You get more cooperation out of the fish than I do when I go fishing.

Mr. ROMANO. I got an icebox freezer with about 40 pounds of frozen fish in it—pompano, barracuda.

Senator ERVIN. How do you get out where the pompano or barracuda are?

Mr. ROMANO. I get out there when they start feeding, early in the morning.

Senator ERVIN. To catch fish, you would have to go out on a boat.

Mr. ROMANO. No; I catch them on the bridge. If anyone wants any lessons, I will be glad to give them, free of charge.

Mr. KENNEDY. Where do you live?

Mr. ROMANO. 6513 Santona.

Mr. KENNEDY. Do you pay rent there?

Mr. ROMANO. Yes, sir; \$105 a month.

Mr. KENNEDY. Where did you get the money? That is over \$600.

Mr. ROMANO. I have a lot of savings.

Mr. KENNEDY. Where did you get the savings?

Mr. ROMANO. My 64 years.

Mr. KENNEDY. What about your automobile? Where did you get the money to pay for your automobile?

Mr. ROMANO. Cash.

The CHAIRMAN. All right. You may stand aside.

Call the next witness.

Mr. ROMANO. Am I released? Can I go back home?

The CHAIRMAN. No. You will remain here today. You may be interested in some further testimony that the committee may hear.

Mr. ROMANO. I will be around, sir. Thank you.

The CHAIRMAN. Call the next witness.

(At this point, Senator Curtis withdrew from the hearing room.)

Mr. KENNEDY. Mr. Johnson.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JOHNSON. I do.

TESTIMONY OF LESLIE A. JOHNSON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. JOHNSON. My name is Leslie A. Johnson. I reside at 9000 Lavlin Avenue, in the city of Chicago. My place is known as the Inglenook Log Cabin Restaurant at 11507 South Halsted Street, Chicago.

The CHAIRMAN. You are in the restaurant business?

Mr. JOHNSON. That is right, sir.

The CHAIRMAN. How long have you been in the restaurant business?

Mr. JOHNSON. Since 1932.

The CHAIRMAN. Since 1932?

Mr. JOHNSON. Yes, sir.

The CHAIRMAN. At this same location?

Mr. JOHNSON. Yes, sir.

The CHAIRMAN. Do you waive counsel, Mr. Johnson?

Mr. JOHNSON. Yes, sir.

The CHAIRMAN. Thank you very much.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Johnson, do you own the Inglenook Restaurant?

Mr. JOHNSON. Yes; I do.

Mr. KENNEDY. Were you approached in the period of the early 1940's by local 394 about putting some of your employees in the union?

Mr. JOHNSON. At that time, I didn't know what local it was, whether it was 394, but I was doing some remodeling at that time, and we were putting a new roof on the building. At that time I was approached by the union and told to put my employees in the union or my contractor would be pulled off the building.

I wanted the work done, so I negotiated with them at the time. I think, for a sum of around \$100 or \$125, they let my building contractor finish his job.

(At this point, Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. So, you made the payoff that time of about \$125?

Mr. JOHNSON. Yes, sir.

Mr. KENNEDY. And then they let you alone?

Mr. JOHNSON. Yes, sir.

Mr. KENNEDY. Were you approached again in August 1951?

Mr. JOHNSON. In August of 1951 or 1950, there was a picket line at my place of business on Monday morning, which I knew nothing of. They had not contacted me. This picket line was placed there and was there for about 10 days.

Mr. KENNEDY. Did you have any conversation with any union official about it?

Mr. JOHNSON. For the first 2 or 3 days, I didn't. After that they cut off all my supplies and I had to go out and get my supplies. I decided to get in touch with the Chicago Restaurant Association, which I have been a member of since 1935, and ask them for some help. So, I contacted the Chicago Restaurant Association and told them my troubles, and they said they would try to get me an appointment with Mr. Teitelbaum.

Mr. KENNEDY. Who is "they"? Who told you this?

Mr. JOHNSON. Mr. Donald Kiscaw, who at that time and since that time has been in charge of their employee relations for the Chicago Restaurant Association.

(At this point, Senator McClellan entered the hearing room.)

Mr. KENNEDY. Did he arrange the appointment with Teitelbaum?

Mr. JOHNSON. He arranged an appointment with Teitelbaum, and called me and told me I had an appointment in his office on Tuesday afternoon, 2 o'clock or thereabouts, at which time I appeared at Mr.

Teitelbaum's office, and his secretary informed me that Mr. Teitelbaum was not at his office, but a Mr. Louis Romano would listen to my story.

Mr. KENNEDY. Would you tell us about the conversation with Mr. Romano?

Mr. JOHNSON. I went to Mr. Romano's office. I told him my name and what I came down there for. I told him the picket line had been in front of my place for a week, and I was anxious to get the thing over with and get back to normal business operations, and I asked him what I should do. He asked me how many employees I had, which I told him, and he said, "Well, you will have to make your final decision with the local 394."

So, at that time he tried to figure out something for me, and I think he figured that I should put 6 waitresses in the union or 8 waitresses in the union—no; I think he said 6—and 2 from my kitchen.

Mr. KENNEDY. This was Mr. Romano?

Mr. JOHNSON. This was Mr. Romano.

Mr. KENNEDY. Were you here when Mr. Romano testified this morning?

Mr. JOHNSON. Yes; I was.

Mr. KENNEDY. And do you remember my questions to Mr. Romano?

Mr. JOHNSON. Yes.

Mr. KENNEDY. And his testimony?

Mr. JOHNSON. Of course, he only saw me for 15 or 20 minutes. He might have not even remembered me being in his office. I don't know. But I definitely was in his office and talked to him.

Mr. KENNEDY. So, his testimony on this is incorrect; is that right?

Mr. JOHNSON. I would say so.

Mr. KENNEDY. He did, as a matter of fact, suggest putting a percentage of your employees into the union?

Mr. JOHNSON. Well, he said that he would talk to the union about the thing. He suggested it.

Mr. KENNEDY. Did you ever hear from the union then, after that?

Mr. JOHNSON. The same afternoon, or the following morning, Mr. Trunggell, of local 394, contacted me and said that he had heard that I would want to get this thing settled and where could I settle it? He suggested to settle it outside of my business, so we went over to my home. At that time I was living at 11201 Parnell Avenue, Chicago, Ill.

Mr. KENNEDY. What was Mr. Trunggell's position at that time? Was he secretary and treasurer of local 394?

Mr. JOHNSON. I believe at that time he was secretary and treasurer of that local.

Mr. KENNEDY. So, it was arranged?

Mr. JOHNSON. There was a meeting arranged at my home.

Mr. KENNEDY. Who else was present?

Mr. JOHNSON. There was a Mr. O'Connor present.

Mr. KENNEDY. James F. O'Connor?

Mr. JOHNSON. James F. O'Connor.

Mr. KENNEDY. He is president of local 394?

Mr. JOHNSON. At this time I guess he is president of it.

Mr. KENNEDY. Would you tell us what transpired?

Mr. JOHNSON. Well, after a conversation with Mr. Trunggell, we reached the decision to put 10 of my employees into the union, and I

had to pay their initiation fee, plus 3 months' dues, and I had to pay a fine of \$35 for each one of my bartenders for crossing the picket line during the strike.

Mr. KENNEDY. Approximately how much money was paid, altogether?

Mr. JOHNSON. Somewhere between \$300 and \$400. I just don't remember.

Mr. KENNEDY. And that was paid in cash?

Mr. JOHNSON. I don't remember whether it was paid by check or not. My records have been destroyed through a fire.

Mr. KENNEDY. What is your best recollection as to whether it was a check or cash?

Mr. JOHNSON. My best recollection is I think it was cash.

Mr. KENNEDY. And this was paid in order to get rid of the picket line; is that right?

Mr. JOHNSON. So I could get back to normal operations.

Mr. KENNEDY. You were led to believe that, if you did not make this payment, the picket line would continue?

Mr. JOHNSON. I was led to believe that, if I made this payment, they would take the picket line off, which they did.

Mr. KENNEDY. Did you ever furnish the names of any employees for whom this money was being paid?

Mr. JOHNSON. The way my agreement with the union was at that time, I put 10 employees in, and I cautioned them at that time that, if I put 10 employees in, if I had to change these employees at a later date would I have to pay another initiation fee for these employees that would come in as new employees, and the answer was "No"; that I would just keep a running account of 10 employees and pay the dues on those employees. From time to time, I furnished them a new sheet where employees had been dismissed from my service or had left for other reasons.

Mr. KENNEDY. Who selected the employees?

Mr. JOHNSON. I did.

Mr. KENNEDY. They never approached these people before?

Mr. JOHNSON. They have never talked to any of my employees.

Mr. KENNEDY. You just selected any 10 that you wanted to?

Mr. JOHNSON. That is right.

Mr. KENNEDY. You furnished those names to them?

Mr. JOHNSON. I furnished the names to the union.

Mr. KENNEDY. Was there ever a contract, then, with the union?

Mr. JOHNSON. We never had a contract with the union.

Mr. KENNEDY. Did they ever discuss the wages, hours, or conditions of your employees with you?

Mr. JOHNSON. No; they haven't, but they have asked me several times what I paid my employees, and I was glad to tell them what I paid my waitresses and my employees. I pay my day girls 75 cents an hour and my night girls 85 cents an hour, well above the union scale. And my kitchen help is based on the same rates.

Mr. KENNEDY. They never evidenced any interest, themselves?

Mr. JOHNSON. They never were interested; no.

Mr. KENNEDY. And, as far as you know, they never approached your employees?

Mr. JOHNSON. To my knowledge, they never have.

Mr. KENNEDY. The only thing they were interested in was the payment of this money; is that correct?

Mr. JOHNSON. Well, they send my employees literature and, I think, their paper. My employees have told me that, but I have never seen one of the papers, myself.

Mr. KENNEDY. But, as far as the wages or conditions of your employees, as far as approaching your employees, you determined that the only thing they were interested in was this payment; is that right?

Mr. JOHNSON. That is right.

Mr. KENNEDY. Did you ever deduct the dues from the employees' salaries?

Mr. JOHNSON. I never have. I have told my employees that I have a union condition here. I have told them that they are in the union, and I have also told them that I pay their monthly dues.

Mr. KENNEDY. Did you take this original payment and the subsequent payment and deduct them as business expenses on your income tax?

Mr. JOHNSON. I don't believe so. I think they are all charged to my personal account.

Mr. KENNEDY. You didn't take deductions on them?

Mr. JOHNSON. No, sir.

Mr. KENNEDY. Why was that?

Mr. JOHNSON. Because I felt it was an expense of my own for keeping my place of business up.

Mr. KENNEDY. Couldn't you, ordinarily, deduct something like that from your tax return?

Mr. JOHNSON. No; I don't think so.

Mr. KENNEDY. Did you feel it was an illegal payment or an improper payment?

Mr. JOHNSON. Well, I didn't feel as though it was, but I didn't want it to ever be that way.

Mr. KENNEDY. Is that why—

Mr. JOHNSON. I feel as though I was doing the right thing under the circumstances, because—

Mr. KENNEDY. If it was a proper payment, of course, you could deduct it. I wonder if, in your own mind, you felt—

Mr. JOHNSON. Well, I hope someday I can deduct it, because I would sure like to.

Mr. KENNEDY. Is that the reason that you did not deduct it in the past?

Mr. JOHNSON. Well, my wife is a good bookkeeper, and she don't want me to do anything like that.

Mr. KENNEDY. How much money do you pay every month now?

Mr. JOHNSON. I give them a check every 3 months for \$120. That is \$40 a month. Those payments were decreased, I think, the first of the year, to \$96 every 3 months.

The CHAIRMAN. Why did they decrease?

Mr. JOHNSON. Because I have two less employees on the payroll.

Mr. KENNEDY. Have you paid dues on individuals who weren't even employed there?

Mr. JOHNSON. Well, the list is changed every year, and through the year there is a possibility of employees leaving and new employees coming in. As far as the union records are concerned, I am paying on employees that are not in my employment.

Mr. KENNEDY. Isn't it a fact that, from December 1957 through March 1958, you were paying dues for a dead person?

Mr. JOHNSON. This waitress died; yes. The union was notified, not on my November payment, but they were in the early spring payment, and at that time they told me that I should have notified them before, because there is a \$100 death benefit from the union. So, they asked me to get a certificate of death from her family, and I told the union official at that time I thought it was up to him, seeing that the union was paying it off. I thought they should follow it through.

Mr. KENNEDY. Then, as another example, there was an employee who you have been paying the dues on from December 31, 1957, to March 1958, a cook who terminated his employment on December 30, 1957. Is that correct?

Mr. JOHNSON. Yes.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Johnson, did you regard this demand on you for payments to the union as a form of extortion?

Mr. JOHNSON. No; I thought it was just one of the evils of business that was prevalent in our business, and there was no law which could help us out, as a small-business man. It was just a business expense that I had to carry.

The CHAIRMAN. You didn't regard it as a legitimate business expense; did you?

Mr. JOHNSON. I regard it as a business expense, because there is no other way out.

The CHAIRMAN. In other words, you have no alternative, in view of the power that the union had to either destroy or seriously damage your business.

Mr. JOHNSON. Well, I didn't want to take that chance.

The CHAIRMAN. That is what I say. Other than that, if they did not have that power to damage you, to damage your business, or to destroy it, you wouldn't have paid it; would you?

Mr. JOHNSON. No. I would much rather see the union go in and organize my employees themselves.

The CHAIRMAN. That would be different. But I am talking about under these circumstances. If it had not been for the power they have by organizational picketing, to either greatly damage your business or to put you out of business, you would not have paid.

Mr. JOHNSON. That is right.

The CHAIRMAN. So that is, in my viewpoint, a form of extortion, because the employees were not consulted. They were placed in a union not of their own choice, and not with their consent. Isn't that correct?

Mr. JOHNSON. That is correct.

The CHAIRMAN. So, the reason that that came about, and that such transactions can be compelled, is because of the power that is reposed in the right of organizational picketing, if it is a right.

Mr. JOHNSON. I think that is why we need some of our laws changed, so it will help management and labor, both.

The CHAIRMAN. I agree with you, but I am pointing out we are looking into improper practices. I would think that the power to do this, or the right to do it under existing law, actually constitutes an improper practice that can be used, a means that can be used, to compel union membership against the will and without the consent

of employees, and, also, to extort money from management. Isn't that correct?

Mr. JOHNSON. That is correct.

The CHAIRMAN. I agree with you; I think the laws should be changed to prohibit this type of picketing. It is an imposition that amounts, in my judgment, in the only way I can interpret it, to a form of extortion, getting money for nothing in return except not to use a power that is in the nature of a force to compel people to join a union, and management to put its employees into the union.

May I ask you: Did any of your employees that joined the union receive any benefit whatsoever, so far as you know, the 10 of them that you paid initiation fees and dues for?

Mr. JOHNSON. The only benefits that they will get—this girl that died; her family might get the \$100 that the union pays for a death benefit of an employee.

The CHAIRMAN. Did they get the money?

Mr. JOHNSON. I talked to her son about a week ago if the union contacted them for a death certificate from his mother, and he said "No."

The CHAIRMAN. So, as far as you know, they have not even gotten that?

Mr. JOHNSON. That is right.

The CHAIRMAN. But I mean, primarily, with respect to this. You don't pay any pension or welfare funds, do you?

Mr. JOHNSON. No; I don't.

The CHAIRMAN. So, there is no money being paid for them into a pension fund or a welfare fund?

Mr. JOHNSON. Definitely not.

The CHAIRMAN. Was there any arrangement made or any effort at any time by the union to get you to raise your wages or improve the conditions of employment, or do anything that was for the benefit of your employees?

Mr. JOHNSON. No; nothing but what I have done myself.

The CHAIRMAN. You did that on your own.

Mr. JOHNSON. That is right.

The CHAIRMAN. Not because you were in a union, not because you have paid the money. You did that of your own volition.

Mr. JOHNSON. That is right.

The CHAIRMAN. Without their knowledge or consent, I suppose.

Mr. JOHNSON. That is right.

The CHAIRMAN. They had no interest in it, so far as you know?

Mr. JOHNSON. None at all.

The CHAIRMAN. How long is your contract—or this arrangement; possibly it is not a contract?

How long has this arrangement been between your business and the union?

Mr. JOHNSON. Since 1950.

The CHAIRMAN. Since 1950?

Mr. JOHNSON. Yes, sir.

The CHAIRMAN. Something near 8 years. And it is still in effect?

Mr. JOHNSON. It is still in effect.

The CHAIRMAN. Have you any questions, Senator Ervin?

Senator ERVIN. No questions.

The CHAIRMAN. If not, thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Sheldon Esrig.

The CHAIRMAN. Will you be sworn, please? You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ESRIG. I do.

TESTIMONY OF SHELDON ESRIG

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. ESRIG. Sheldon Esrig—

The CHAIRMAN. Mr. Johnson, I have one further question before I proceed. I forgot to ask you, How many employees have you now in your restaurant?

Mr. JOHNSON. We have 16 employees. Some are part time—dish washers and janitors.

The CHAIRMAN. Thank you very much. I wanted to get that into the record.

Mr. Esrig, would you state your name, your place of residence, and your business or occupation, please?

Mr. ESRIG. My name is Sheldon Esrig. I live at 3808 North Sheffield Avenue, Chicago. I am in the restaurant business at 600 South Dearborn.

The CHAIRMAN. You will have to speak a little louder, if you will, please.

How long have you been in the restaurant business?

Mr. ESRIG. Since 1945.

The CHAIRMAN. Is your business at the same location now as when you established it?

Mr. ESRIG. No.

The CHAIRMAN. What is the present location?

Mr. ESRIG. 600 South Dearborn.

The CHAIRMAN. What was previously the location?

Mr. ESRIG. 230 West Van Buren.

The CHAIRMAN. Are those the only two locations?

Mr. ESRIG. No. We were at 65 East South Water Street.

The CHAIRMAN. Do you waive counsel? Mr. Esrig, do you waive counsel?

Mr. ESRIG. Yes, sir.

The CHAIRMAN. All right. Thank you very much. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Esrig, you and your brother opened the restaurant known as Esrig's Coffee Shop on February 15, 1949, did you not?

Mr. ESRIG. Yes; we bought it that date.

Mr. KENNEDY. That was at 230 West Van Buren Street?

Mr. ESRIG. Yes.

Mr. KENNEDY. Approximately 6 months later, did a representative of the local 593 approach you?

Mr. ESRIG. Yes.

Mr. KENNEDY. Would you tell us what happened?

Mr. ESRIG. They wanted to—

Mr. KENNEDY. Who was it that came to you?

Mr. ESRIG. I don't—I am pretty sure that Mr. Sinegram and another man, but I don't recall the other man's name.

They talked to our employees without our knowledge, about joining the union. Then they told us that the employees agreed to join a union. Well, we told them if the employees want to join a union, we will join a union. So when we told the employees that they had to pay their dues monthly, they changed their mind. They didn't want to belong to the union. So we told them that we can't join the union because these people will quit and to come down every morning looking for different help, it is too tough. Well, they pressed the issue, so we went to the Restaurant Association.

Mr. KENNEDY. When you say they pressed the issue, what did they say?

Mr. ESRIG. Well, they kept bothering us to join the union.

Mr. KENNEDY. Did they indicate what would happen if you did not join the union?

Mr. ESRIG. Yes; they said they would picket us.

Mr. KENNEDY. And you had informed them, had you, that the membership, your employees, were not interested in joining the union?

Mr. ESRIG. Yes.

Mr. KENNEDY. Finally you decided to go down to see them?

Mr. ESRIG. The Restaurant Association; yes. And they sent us to Teitelbaum.

Mr. KENNEDY. Who is "they"?

Mr. ESRIG. Mr. Kiscaw.

Teitelbaum said he would make a deal with the union. He made a deal for seven employees, and we accepted it, and a few months later they wanted more, they wanted more employees.

Mr. KENNEDY. When you say 7 employees, did you pay the dues for those 7 employees?

Mr. ESRIG. Yes.

Mr. KENNEDY. And you deducted it from the employees' salaries?

Mr. ESRIG. Not at first; no. We just paid——

Mr. KENNEDY. What about initiation fees?

Mr. ESRIG. We paid that.

Mr. KENNEDY. That was a blanket sum that you gave them?

Mr. ESRIG. Yes.

Mr. KENNEDY. It was not deducted from the salaries of the employees?

Mr. ESRIG. No.

Mr. KENNEDY. How much was it approximately at that time?

Mr. ESRIG. I don't know. The statement was made to me that it was \$200. That might be so.

Mr. KENNEDY. Was that by check or cash?

Mr. ESRIG. I am pretty sure it was a check.

Mr. KENNEDY. You don't know?

Mr. ESRIG. I am almost positive it was a check. I wouldn't say for sure.

Mr. KENNEDY. Who did you make this deal with?

Mr. ESRIG. We made it with Mr. Teitelbaum.

Mr. KENNEDY. Mr. Teitelbaum?

Mr. ESRIG. And the union.

Mr. KENNEDY. Were they all there together?

Mr. ESRIG. Yes.

Mr. KENNEDY. Who represented the union at that time?

Mr. ESRIG. I don't know.

Mr. KENNEDY. How many union officials were there?

Mr. ESRIG. I think there were four of them.

Mr. KENNEDY. So then did you consult with your employees at that time? Did you tell them you were putting them into the union?

Mr. ESRIG. I don't recall if we did then, but they knew about it later because we decided to take it out of their pay.

Mr. KENNEDY. But you didn't tell them in the beginning?

Mr. ESRIG. No; I don't think so.

Mr. KENNEDY. You just took seven names, did you?

Mr. ESRIG. Seven names that were working there.

Mr. KENNEDY. Then they approached you again later on?

Mr. ESRIG. Yes, for more.

Mr. KENNEDY. Tell us what happened?

Mr. ESRIG. So we called Teitelbaum. Teitelbaum told us to give them whatever they want. At this point we did not need Teitelbaum, so we quit the restaurant association and we went with the union.

Mr. KENNEDY. How many more employees did you put in?

Mr. ESRIG. I think there were three.

Mr. KENNEDY. How much money did you pay then?

Mr. ESRIG. Just the three initiation fees.

Mr. KENNEDY. Didn't they make a demand on you to pay the retroactive dues between the time that they came in to see you and the time that you opened the restaurant 6 months earlier?

Mr. ESRIG. I don't recall that, but if that was the reason that we gave them the money, that would have to have been done at the first meeting with the union and Teitelbaum, and I don't recall whether it was retroactive or not.

Mr. KENNEDY. Do you remember any discussions about that?

Initially when you were interviewed by the investigators, you stated that they made a demand on you that you pay the retroactive dues for the 6 months' period of time and that this \$200, approximately, was to cover that.

Is that correct?

Mr. ESRIG. That might be very true. But I just can't recall whether it was retroactive or not. As I sit here and think what would make up \$200, if that were the amount, then maybe that would have to be the way it happened.

Mr. KENNEDY. And this was even before they had approached you, is that right?

This was during a period of time that they had not even come into your restaurant, a 6-month period?

Mr. ESRIG. Yes. Do you mean when the \$200 was supposed to have been paid?

Mr. KENNEDY. Yes.

Mr. ESRIG. Well, it would have to be.

Mr. KENNEDY. So first you put in the 7 men, and made this payment of \$200 and ultimately you put in 3 more; is that correct?

Mr. ESRIG. Yes.

Mr. KENNEDY. Did you sign a contract at that time, in 1951?

Mr. ESRIG. No.

Mr. KENNEDY. When was the first time you signed a contract?

Mr. ESRIG. About 1956.

Mr. KENNEDY. The union officials, did they ever inquire about the wages, hours, or conditions of your employees?

Mr. ESRIG. Would you repeat that, please?

Mr. KENNEDY. Did the union officials ever inquire about the wages, hours, or conditions of your employees?

Mr. ESRIG. I think they did. They gave us a booklet on the wages. But our wages at the time were above the union scale.

Mr. KENNEDY. Did they ever ask for a look at your books and records to determine how much you were paying?

Mr. ESRIG. No.

Mr. KENNEDY. Do you know if they ever had any conferences or conversations with your employees about it?

Mr. ESRIG. About their salaries?

Mr. KENNEDY. Yes.

Mr. ESRIG. No, I don't know if they did or not. They did in the very beginning. I guess they painted a pretty good picture to them before you knew anything about it, because they were very happy to join the union.

Mr. KENNEDY. But your employees decided after that that they would not join the union, did they not?

Mr. ESRIG. Yes.

(At this point, Senator Goldwater entered the hearing room.)

The CHAIRMAN. Did they ever present to you cards that your employees would sign, stating they wanted to belong to the union?

Mr. ESRIG. I don't recall. Yes; I think they did. I think that is what they came into us with the first time, with cards to sign. I am pretty sure.

The CHAIRMAN. Saying they had cards signed up?

Mr. ESRIG. Yes; that was without our knowledge. We didn't know anything about it.

The CHAIRMAN. As I understand you, when you talked to your employees and they found out the dues would be deducted from their wages, then they didn't want to join?

Mr. ESRIG. That is right.

Mr. KENNEDY. Did you give any gifts to any of these union officials?

Mr. ESRIG. We gave gifts to everybody that we did business with. If they happened to be there at Christmastime, they got gifts like everybody else, but no special gifts.

Mr. KENNEDY. Did you give some gifts to these union officials?

Mr. ESRIG. I think so.

Mr. KENNEDY. On occasion, did you give them some cash gifts?

Mr. ESRIG. I doubt it. We might have, but I doubt it. We gave cash gifts, but I don't know if we gave it to the union.

Mr. KENNEDY. Donald Esrig, is he your brother?

Mr. ESRIG. Yes.

Mr. KENNEDY. He stated in a staff interview that he had given them.

Mr. ESRIG. No, he did not state that. He stated we had given cash gifts, but not giving cash gifts to the union.

Mr. KENNEDY. Donald Esrig admitted giving cash gifts to members of the union.

Mr. ESRIG. Not at Christmastime.

Mr. KENNEDY. It says officials of local 593.

Mr. ESRIG. That must be a mistake.

Mr. KENNEDY. Do you deny that you or your brother gave cash gifts to union officials at Christmastime?

Mr. ESRIG. Well, I will state——

Mr. KENNEDY. Do you deny that you did?

Mr. ESRIG. Yes, I deny that I did.

Mr. KENNEDY. What about your brother?

Mr. ESRIG. I don't believe so. We dealt with this Sinegram throughout the entire time, and he was not a bad fellow. He would not even let me pick up his check.

He told me he was on an expense account. But as far as a lighter or some kind of a token, we might have given him a bottle of whisky.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

Let me ask you: Have your employees ever received any benefit whatsoever from the fact that you placed them in the union?

Mr. ESRIG. Not that I know of.

The CHAIRMAN. Has the union manifested any particular interest in their working conditions? Did they ever talk to you about them, asking you to improve them?

Mr. ESRIG. No. One waitress became pregnant and the union agent told me to tell her to go to the American Hospital and she would be treated free. I told her that, but she decided to go to her own doctor anyway.

The CHAIRMAN. Being pregnant would not necessarily have any relation to the working conditions, I wouldn't think.

Mr. ESRIG. You asked me if they received any benefits.

The CHAIRMAN. What I am interested in is whether the union has done, as most legitimate unions do, and those who are representing unions in good faith and who are concerned about the welfare of their members and employees. They usually try to ascertain what working conditions prevail at a plant or at a business, and also the wages that are being paid, and check on them to see that those conditions are satisfactory.

Mr. ESRIG. Only the business agent of the Waitress' Union has ever made any inquiries on that. No other.

The CHAIRMAN. In this union, they have not?

Mr. ESRIG. No.

The CHAIRMAN. The union they belong to, they have not inquired about it?

ESRIG. No.

The CHAIRMAN. They have showed no interest in them?

Mr. ESRIG. No.

The CHAIRMAN. I am sure you pay your employees well, and so forth, but even where that prevails, the purpose of belonging to a union, as I understand it, or one of the purposes, is that the employees may benefit by reason of collective bargaining that takes into account working conditions, wages, hours, and so forth, for the improvement and for the benefit of the people who do the work, who are laborers, and who belong to the union.

What I am trying to ascertain is whether this union, in which your employees have been placed, whether it has taken any interest in that aspect of its responsibility.

Mr. ESRIG. No.

The CHAIRMAN. It has not?

Mr. ESRIG. No.

The CHAIRMAN. Thank you very much.

Are there any further questions?

If not, thank you.

Call the next witness.

Mr. KENNEDY. Mr. Harold Schwimmer.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHWIMMER. I do.

TESTIMONY OF HAROLD SCHWIMMER

The CHAIRMAN. State your name, your place of residence, and your occupation?

Mr. SCHWIMMER. My name is Harry Schwimmer. I reside at 6130 North Central Park Avenue, in Chicago, Ill.

The name of the restaurant that I manage and part own is Barney's Market Club, known as Yes, Sir, Senator's Restaurant in Chicago.

The CHAIRMAN. Known as what?

Mr. SCHWIMMER. Yes, Sir, Senator's.

The CHAIRMAN. Yes, Sir, Senator's?

Mr. SCHWIMMER. That is right.

As a matter of fact, I do have pictures of you and all presiding Senators in our restaurant with your signatures on it.

The CHAIRMAN. Do you regard that as good advertising?

Mr. SCHWIMMER. Well, it is regarded as an old restaurant from the early 1920's, and famous for all the important politicians going through the city of Chicago.

The CHAIRMAN. I see.

May I ask you now if you waive counsel?

Mr. SCHWIMMER. Yes, sir.

The CHAIRMAN. How long have you been in the restaurant business?

Mr. SCHWIMMER. Since 1941.

The CHAIRMAN. You have been at this same location, I suppose?

Mr. SCHWIMMER. The same location. I have held a job, manager's jobs, at different restaurants to acquire the experience needed.

The CHAIRMAN. And you have been in business for yourself since 1941.

Mr. SCHWIMMER. I am at this location as a manager since 1951, when the past owner passed away, Barney Kessel.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Schwimmer, you were approached in 1953 by representatives of local 278 about getting certain of your employees to join the union?

Mr. SCHWIMMER. At that time we had about seven bartenders working. Among them there was only one that was a member of the union. Their negotiations were strictly with the bartenders, without my knowledge. After several meetings during working hours, I have found out that they have been contacting my bartenders during their working hours, and I have asked the bartenders at their next meeting or the next time the men or man should come in, I should be called immediately, for I wanted to speak to them.

Well, I would say about 3 or 4 days later these 2 men approached my bartenders again, and I was notified of it, upon which I had asked their name and their business, and then they had identified themselves.

I could not tell you their names now; I do not remember it. And they have told me that they are here to organize our bartenders.

I asked them why they did not approach me first and ask my permission to speak to them, and why do they molest my man, and why do they demand that my man come up to their office within a certain given day and join the union.

Their reply was then that they were negotiating with the bartenders themselves, and if I had any objections that they would put out pickets in front of my place and organize all the rest of the employees, meaning the cooks, waiters, and waitresses.

At that time, and at the present time, we have about 100 people working there.

Well, I told them that they have no right to speak to my employees during working hours, and if they felt that they wanted to organize they should call them on their own time. They left and came back the following day, 3 strong instead of 2, and demanded that we have 2 of the bartenders go with them immediately up to the union and join up, and the following day the rest of them, or I would have to dismiss them.

I asked in plain English as to what did he mean by dismiss them.

"Well, you would have to fire them. They will not be able to work for you any more."

Well, these employees have been with us for, right now, 12, 14, and 16 years, and some 25 years with us, and I felt that that was unjust to me and to them. I told them that they better get out and stay out of our place. Well, there was a big gorilla among them. He came up to me and he said, "What will you do about it if we do not leave?"

I went behind our bar where I have a .45 revolver. I took out this revolver and I cocked the pit on it, the safety, and I told them on the 3 of a count, if they were not out, that I would start shooting, and then ask questions later.

Well, they thought they would bluff me and I opened the safety, counted to 1, to 2, well, they all went up to the front door, turned around, and he says to me, "You have the upper hand now, but you will hear from us later." And with that they left.

Surely, I was as scared as they were, perhaps more so. After they left, about an hour or two later, I called Mr. Crowley who was the head of the Bartenders Union.

The CHAIRMAN. The head of the Bartenders Union?

Mr. SCHWIMMER. That is right. I think that is his position at the time. I don't know what position he has held. But I heard of Mr. Crowley only due to a yearly publication that they have.

Every year they come out with a bartenders' union book, in which they advertise your name, which cost us, I think, \$60 a year. I do recall the name of Mr. Crowley. So I called Mr. Crowley and asked him what was on his mind, what did he want from us? He said, "Well, you threw out a couple of my men bodily, and for that we are going to organize the entire staff of yours."

He told me that within a week's time they would have a picketline in front of us, and organize all of them. Well, it never came about, for I have called on some friends around town, and after a couple of tries they finally, my 2 bartenders, the first 2 that were ever approached to join the union, decided that, rather than to have trouble, and they had families, that they would join the union, and perhaps they would call off the heat that we have had.

I went as far as having signs made, stating that we are going out of business due to a strike condition which was called by the union for no reason whatsoever. Our employees have been there so long that due to all these wage increases, we would be way above union wages today, and they have been higher above union wages. I hire them above union wages today.

So my conversation with Crowley was at the time on the phone. I said, "Well, perhaps I should join the union and fire all my men and get new help at the new rate and I will be saving a lot of money," for most of my men are earning much more than union scale is, and he said, "No, you would have to retain all of your employees, pay them the salary they have now, plus all the benefits that we would negotiate between you. All these increases would have to go with the salary they are now earning right now."

Union wages, I think, are about \$87.50 per bartender per week, and my men are earning in excess of \$120 a week or \$130 a week.

Well, not knowing that Mr. Crowley had had previous trouble, and I am relating to that shooting that he has had, his wife and he, in which his wife was killed—I did not know about that—I asked him on the phone, I said, "Mr. Crowley, if I were to come to your house around 11:30 or noon, and pick up the pot and look in the pot to see that your wife made an Irish stew, would it be proper for me to demand a dollar in order for her to serve that to you," at which he got very angry and hung up on me.

Then I found out the following day that his wife was killed due to a shooting accident, and that kind of provoked him.

Well, I don't blame the man. But, of course, I did not know it at the time. After my two bartenders have joined the union, for which I have paid their initiation——

The CHAIRMAN. You paid all of it?

Mr. SCHWIMMER. I paid all of it in cash. I paid it out of my own money.

The CHAIRMAN. What was the initiation fee?

Mr. SCHWIMMER. I think it was about \$100 a man. And they continue paying their dues now every 3 months.

The CHAIRMAN. Do you pay their dues or do they pay it?

Mr. SCHWIMMER. They pay their own. I also was instructed that I would have to collect their dues, at which point I have told them that in order to do that, they would have to pay me for a bookkeeper in order to keep the books straight. I will not have my girl do their work. If they wanted me to deduct their dues, we would have a girl come in 2 days a week or 1 day a week, pay her a salary, and deduct it from the dues to take care of it. Well, then they finally decided that they would come in. I would not allow that either. So they have decided that the bartenders will go up to the union hall and pay it every 3 months.

The CHAIRMAN. Each three months?

Mr. SCHWIMMER. That is right.

Mr. KENNEDY. Did you try to get help from any other source, from any outside source?

Mr. SCHWIMMER. Well, I have had many people try to help me. In other words, I probably called on dozens of people to get me out of this hotspot. I was still new in the management of the restaurant business, for the man that owned that restaurant was a one-man operator. Only one man operated that, and I knew nothing about management. Of course, I worked in all phases of that business. After he passed away, which was at the end of 1951, my troubles began in the beginning of 1953. Not having previous experience in handling unions, I have called on anybody I thought might have had some hand politically or influentially.

After this thing was settled, everybody come in and took a bow and said, "I told you I would help you."

Well, the question is, Who helped me? Personally, I think the two men joining the union helped the situation.

Mr. KENNEDY. What about the Chicago Restaurant Association? Did you go to them?

Mr. SCHWIMMER. No. I did not approach the restaurant association, although I did have one meeting with Mr. Kiscaw in May of that year at the restaurant show at the Navy Pier. I bumped into him there, for he is at all meetings, all these shows, and elaborated about my problems. Well, I don't know the exact discussion of it, all the way through.

There were some questions I did ask him about the union, which he could not say much to.

Mr. KENNEDY. What was the schedule about the voluntary fund?

Mr. SCHWIMMER. At that time I found out that the restaurant association, of which we were a member all along, has had another fund or whatever you might call it, I do not know the right name for it, in which employers pay \$1.50 per month per employee into this so-called kitty.

Mr. KENNEDY. What was the purpose of that?

Mr. SCHWIMMER. I do not know, sir.

Mr. KENNEDY. Did they suggest that you pay into that?

Mr. SCHWIMMER. No; they did not suggest that I pay it.

Mr. KENNEDY. Did you have a conversation about it?

Mr. SCHWIMMER. Yes. I think we had a conversation to the effect that I asked him "What is this for?" and I don't recall the exact words but I did narrow it down to the point that if I were a member of this voluntary group, that they could possibly have helped me in case of a strike, meaning that they could perhaps pick up my refuse, they could bring in food, they could have their own man bring and take out foods and merchandise or liquor, and so on, even though there was a strike going on.

Mr. KENNEDY. Did you agree to belong to the voluntary fund and make the payments?

Mr. SCHWIMMER. I did not agree, because I was not asked to join. I was given to understand at the time that I could not join it any more, because I already have had my labor problems.

Mr. KENNEDY. What did you decide to do? Did you decide to join the voluntary fund?

Mr. SCHWIMMER. No; I still do not belong to it.

Mr. KENNEDY. Why?

Mr. SCHWIMMER. Well, let's put it plainly, that if I were to pay that, or pay it to the union, I don't see any differential there. It would be the same people.

Mr. KENNEDY. Why wouldn't you want to pay into the voluntary fund?

Mr. SCHWIMMER. Well, I wouldn't want to pay it. I wouldn't never accept it. That would be—well, shall we call it protection money?

Mr. KENNEDY. You felt that paying into the voluntary fund was protection money?

Mr. SCHWIMMER. Well, I don't know much about this voluntary setup.

Mr. KENNEDY. Just tell me what you thought?

Mr. SCHWIMMER. Well, I really don't know.

Mr. KENNEDY. Well, you used the term. You felt that your payment to the voluntary fund was a protection payment that you were receiving or were going to get?

Mr. SCHWIMMER. Well, if you narrowed it down, in case of trouble, if they could help me out, that would be more or less something you are paying for protection in future years or at future times. I hope I abbreviate it properly.

Mr. KENNEDY. Were you against that?

Mr. SCHWIMMER. Definitely.

Mr. KENNEDY. For what reason?

Mr. SCHWIMMER. Well, if I didn't want to pay off the union, if I didn't feel like belonging to a union and paying them, why should I have to pay the restaurant association or anyone else?

Mr. KENNEDY. Did you know that they had Mr. Teitelbaum at that time, that they were paying Mr. Teitelbaum out of this voluntary fund?

Mr. SCHWIMMER. No, sir.

Mr. KENNEDY. And that Mr. Louis Romano had been paid out of the fund?

Mr. SCHWIMMER. I never heard of the man before.

Mr. KENNEDY. Did you make any approach to anybody else?

Mr. SCHWIMMER. I had no approach except for these friends of ours, family friends from the old days gone by, Barney's friends, except I had a call from Captain Barnes of the labor detail in Chicago, at that time, telling me that he has heard that I have been having labor troubles, and some friends of his have approached him to get in touch with me.

He suggested that I join the union and iron out my own problems for he could not help me in any way.

Mr. KENNEDY. He suggested that you join the union?

Mr. SCHWIMMER. That I join the union.

Mr. KENNEDY. Had you called him first?

Mr. SCHWIMMER. No; I did not call him.

Mr. KENNEDY. He called you first?

Mr. SCHWIMMER. He has called me on the phone.

Mr. KENNEDY. And he is the one that suggested that you belong to the union?

Mr. SCHWIMMER. That is right. That I take care of my problems with the union and do whatever they ask me to do, for he could not help me in any way.

Mr. KENNEDY. Did you ask him to help you?

Mr. SCHWIMMER. I did not ask him. As a matter of fact, I had harsh words with him over the phone.

Mr. KENNEDY. What did you say to him?

Mr. SCHWIMMER. Well, that I thought it was improper for a police officer who was supposed to perhaps help me to tell me to join the union, or negotiate with them. I asked them who has told him about my problems, and he said, "Well, the word gets around."

Mr. KENNEDY. How did the conversation end with him?

Mr. SCHWIMMER. Well, I don't know whether he hung up on me or I hung up on him, but I know we had kind of harsh words on the phone.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Mr. Schwimmer, what is the function of the Chicago police labor detail?

Mr. SCHWIMMER. I do not know. I could not tell you, sir. I have very little knowledge of the labor detail at all.

Senator GOLDWATER. Do you know how big it is?

Mr. SCHWIMMER. No.

Senator GOLDWATER. Do you know how long it has been in existence?

Mr. SCHWIMMER. No, sir; I do not.

Senator GOLDWATER. What are its duties? Do you know?

Mr. SCHWIMMER. I could not tell you, sir.

I would say offhand perhaps during a strike that they would have assigned men in front of the place to observe or watch for violence of any sort.

Senator GOLDWATER. When you started to have this trouble with the union, did you know of the existence of the Chicago police labor detail?

Mr. SCHWIMMER. No, I did not, except perhaps from reading it in the newspapers. But I definitely did not approach Captain Barnes for any help.

Senator GOLDWATER. If you had called the police in case of trouble, would you have been furnished police officers from the regular force or from this labor detail?

Mr. SCHWIMMER. That I could not tell you, sir. I don't know.

Senator GOLDWATER. Do you know of other restaurant owners and operators in Chicago who have had trouble with this same union?

Mr. SCHWIMMER. No, sir.

Senator GOLDWATER. You are the only one that you know of?

Mr. SCHWIMMER. That is right.

Senator GOLDWATER. Did you ever talk with other restaurant owners about your business?

Mr. SCHWIMMER. No, sir.

Senator GOLDWATER. You play it pretty much alone?

Mr. SCHWIMMER. I am an 18-hour-17-hour operator, 7 days a week.

Senator GOLDWATER. And you have never heard of this police labor detail?

Mr. SCHWIMMER. No, sir.

Senator GOLDWATER. I will ask the counsel if the staff has looked into that.

That is, the police labor detail.

Mr. KENNEDY. In what way, Senator?

Senator GOLDWATER. To find out how they operate and what fields they operate in, and if they approach all problems with the same attitude that they approached this one, namely "Join the union and you wouldn't have any trouble."

Mr. KENNEDY. I wouldn't have any idea about that. I know just that they have a labor detail. I have never met Captain Barnes and do not know the manner in which they operate or whether this is a characteristic of Captain Barnes' operations.

Senator GOLDWATER. It seems rather strange to me that police department officials would immediately side in with the labor union and advise the owner to sign up with the union.

He may have been perfectly correct in doing that. I don't know the details. But it does seem peculiar that an organization that is supposed to give assistance to law and order would side with an organization that, from what we have heard, is not too much interested in law and order.

Mr. SCHWIMMER. Of course, Senator, we did not have yet any open trouble with them. This was still strictly on the inside. There was no strike called. There was no violence of any sort. This perhaps could have been just a friendly call to Captain Barnes on the side of some friends of ours.

Senator GOLDWATER. When 2 or 3 men come to visit you and you say 1 was a gorilla, and you had to ask them out at the point of a .45, you did not expect a tea party at the next meeting; did you?

Mr. SCHWIMMER. No. I just figured—of course, what I am saying now has no bearing on Captain Barnes' detail or the labor detail at all.

Senator GOLDWATER. You didn't call Captain Barnes?

Mr. SCHWIMMER. No; I did not, at no time.

Senator GOLDWATER. Some friends of yours called him?

Mr. SCHWIMMER. That is right.

Senator GOLDWATER. And you know nothing about the operation or duties of that detail?

Mr. SCHWIMMER. No, sir.

Senator GOLDWATER. I don't either, and I don't want my remarks to seem to be critical of them. But it does seem to be a rather strange operation, for a police force to be helping the organization of your employees when you do not care to have them organize, or that the employees wanted to be organized. That is what impresses me.

Mr. SCHWIMMER. That is the debate we had over the phone that got me so upset at the time that we got into some rather violent words.

Senator GOLDWATER. Was he rather insistent that you go into the union?

Mr. SCHWIMMER. No, sir, he was not insistent. He just made a suggestion at that time. That got me very angry.

Senator GOLDWATER. Was it a strong suggestion?

Mr. SCHWIMMER. No, in a friendly manner, but very precise.

Senator GOLDWATER. It was friendly but firm?

Mr. SCHWIMMER. Yes.

Senator GOLDWATER. You got the idea?

Mr. SCHWIMMER. I saw the sign immediately, yes, sir.

The CHAIRMAN. Do you have a bartender by the name of August Rinella?

Mr. SCHWIMMER. Yes. August Rinella is working for us for 8 or 9 years—8 years, I would say.

The CHAIRMAN. Do you have one by the name of William Joseph Schuck?

Mr. SCHWIMMER. Shuck is working for us for about 12 years, or 13 years now.

The CHAIRMAN. We have affidavits from both of those. Those are the two that joined the union, are they?

Mr. SCHWIMMER. That is right, sir.

The CHAIRMAN. We have affidavits from both of them. The affidavits may be placed in the record at this point. I will read the pertinent parts of one of the affidavits.

They are along the same line. This is from Mr. Rinella.

He states:

Since the year 1950 I have been employed as a bartender at Barney's Market Club, located at 741 West Randolph Street, Chicago, Ill.

Some time in June 1953, I recall that my employer, Mr. Harold Schwimmer, was approached by certain business agents of Bartenders Local 278 here in Chicago. The agents demanded that he put two bartenders in the union. At the time I was on a withdrawal card from the union, and I felt I was working in an establishment where I didn't have to belong to the union if I did not want to.

I attended only one of the meetings that Mr. Schwimmer had with representatives of local 278. On this particular occasion Al Tack, business agent of local 278, came into the establishment and insisted that Schwimmer put two bartenders in the union.

Mr. Schwimmer had related to me prior that he had been visited by certain union officials of local 278 who tried to force him to sign up the nonunion bartenders. Although I did not want to go back into the union, I decided to rejoin because I felt if Mr. Schwimmer continued to fight our battle something would happen to him or the restaurant.

Since the year 1953 I have belonged to the union and have paid \$16.50 in union dues every 3 months. In my many years in the union, no union official has ever informed me of any union benefits. I do not even receive any sick benefits from my dues.

The other affidavit of Mr. Schuck may be printed immediately following this one in the record.

(The documents referred to follow :)

AFFIDAVIT

I, August Rinella, who resides at 3148 South Lowe Street, Chicago, Ill., freely and voluntarily make the following statement to LaVern J. Duffy, who has identified himself to me as a member of the staff of the United States Senate Select Committee on Improper Activities in the Labor or Management Field. No threats, force, or duress has been used to induce me to make this statement nor have I received any promise of immunity from any consequences which may result from submission of this statement to the aforementioned Senate select committee.

Since the year 1950 I have been employed as a bartender at Barney's Market Club, located at 741 West Randolph Street, Chicago, Ill.

Some time in June 1953, I recall that my employer, Mr. Harold Schwimmer, was approached by certain business agents of Bartenders Local 278 here in Chicago. The agents demanded that he put two bartenders in the union. At the time I was on a withdrawal card from the union, and I felt I was working in an establishment where I didn't have to belong to the union if I did not want to.

I attended only one of the meetings that Mr. Schwimmer had with representatives of local 278. On this particular occasion Al Tack, business agent of local 278, came into the establishment and insisted that Schwimmer put two bartenders in the union.

Mr. Schwimmer had related to me prior that he had been visited by certain union officials of local 278 who tried to force him to sign up the nonunion bartenders. Although I did not want to go back into the union, I decided to rejoin

because I felt if Mr. Schwimmer continued to fight our battle something would happen to him or the restaurant.

Since the year 1953 I have belonged to the union and have paid \$16.50 in union dues every 3 months. In my many years in the union no union official has ever informed me of any union benefits. I do not even receive any sick benefits from my dues.

I have read the foregoing statement, and to the best of my knowledge it is true and correct.

AUGUST RINELLA.

Witnesses :

GERALD S. GOTCH.

LAVERNE J. DUFFY.

Sworn and subscribed to before me this 2d day of July 1958.

ETHEL APPEL, *Notary Public*

My commission expires November 12, 1960.

AFFIDAVIT

I, William Joseph Schuck, who reside at 903 West 76th Street, Chicago, Ill., freely and voluntarily make the following statement to LaVerne J. Duffy, who has identified himself to me as a member of the staff of the United States Senate Select Committee on Improper Activities in the Labor or Management Field. No threats, force, or duress have been used to induce me to make this statement, nor have I received any promise of immunity from any consequences which may result from submission of this statement to the aforementioned Senate select committee.

Since the year 1946 I have been employed as a bartender at Barney's Market Club, located at 741 West Randolph Street, Chicago, Ill.

Some time in June 1953 I recall that my employer, Mr. Harold Schwimmer, was approached by certain business agents of Bartenders' Local 278 here in Chicago. The agents demanded that he put two bartenders in the union. As one of the nonunion bartenders, the union officials did not ask me if I wanted to join the union or not.

I attended only one of the meetings that Mr. Schwimmer had with representatives of local 278. On this particular occasion, Al Tack, business agent of local 278, came into the establishment and insisted that Schwimmer put two bartenders in the union.

Mr. Schwimmer had related to me prior that he had been visited by certain union officials of local 278 who tried to force him to sign up the nonunion bartenders. Although I did not want to join the union, I decided to join because I felt if Mr. Schwimmer continued to fight our battle something would happen to him or the restaurant.

Since the year 1953 I have belonged to the union and have paid \$16.50 in union dues every 3 months. In my many years in the union no union official has ever informed me of any union benefits. I do not even receive any sick benefits from my dues.

I have read the foregoing statement, and to the best of my knowledge, it is true and correct.

WILLIAM JOSEPH SCHUCK.

Witnesses :

LAVERN J. DUFFY.

MARY F. KENNEY.

Sworn and subscribed to before me this 9th day of June 1958.

ETHEL APPEL, *Notary Public*.

My commission expires November 12, 1960.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. I believe you said you had about 100 employees?

Mr. SCHWIMMER. That is right, sir.

The CHAIRMAN. And these two bartenders are all that ever joined the union?

Mr. SCHWIMMER. That is right.

The CHAIRMAN. The rest are still unorganized?

Mr. SCHWIMMER. Well, we have many employees that have been in the union or perhaps are in the union when I hire them, but that is of no importance to me.

In other words, we do not question——

The CHAIRMAN. What I mean, your store as such has never been organized, except the two that went in?

Mr. SCHWIMMER. That is right.

The CHAIRMAN. In other words, that was the deal, if you would put in those two, they would leave you alone?

Mr. SCHWIMMER. That is right, sir.

The CHAIRMAN. And you have related the circumstances preceding your having them join the union?

Mr. SCHWIMMER. That is right, sir.

The CHAIRMAN. Are there any further questions?

Senator GOLDWATER. There is one thing I want to clear, Mr. Chairman.

Did you ask them to join the union or did they do it of their own volition?

Mr. SCHWIMMER. They have joined on their own, for I still insisted at that time that I would not want them to join.

Senator GOLDWATER. If anybody else wanted to join the union, would you allow them to, and would you let them work?

Mr. SCHWIMMER. Well, if it was more than the two employees, I would have rather not at that time.

Senator GOLDWATER. You would have what?

Mr. SCHWIMMER. I would have not had them join the union if it was more than two people.

Senator GOLDWATER. Do you feel that your pay and your working conditions and hours are better than the union can get these men?

Mr. SCHWIMMER. My men are earning more money for an hour less work a day than union wages require. They have practically all the benefits that the men could have. I would say offhand that they are better off in my employment than if they went any place else, for they already have a lot of seniority, which is to their benefit, of course. But even if I were to hire a new man as of today, he starts out with about \$7.50 a day more than union scale is.

Senator GOLDWATER. If you wanted to get a replacement bartender, where could you find an experienced bartender other than in a hiring hall?

Mr. SCHWIMMER. No; I never turn to the hiring hall. We always put an ad in the paper and get it through an ad in one of the local newspapers.

Senator GOLDWATER. You don't have any trouble getting them?

Mr. SCHWIMMER. Never have so far.

Senator GOLDWATER. That is all.

The CHAIRMAN. All right. Thank you very much.

The committee will stand in recess until 2 o'clock and we will resume here in this room at that time.

(Whereupon, at 12:25 p. m. the hearing recessed, to reconvene at 2 p. m., of the same day, with the following members present: Senators McClellan, Ervin, and Goldwater.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the session were: Senators McClellan, Church, Goldwater, and Curtis.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chris Carson.

The CHAIRMAN. You solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CARSON. I do.

TESTIMONY OF CHRIS CARSON

The CHAIRMAN. State your name, and your place of residence, and your business or occupation.

Mr. CARSON. My name is Chris Carson, I live at 2322 West Fernald, Chicago, and I am a restaurant owner.

The CHAIRMAN. How long have you been in the restaurant business, Mr. Carson?

Mr. CARSON. Since about 1940 or 1941.

The CHAIRMAN. Do you waive counsel; do you?

Mr. CARSON. Yes; I do.

The CHAIRMAN. Where is your restaurant located and what is the name of it?

Mr. CARSON. Presently I have one restaurant at 6162 North Broadway, known as Carson's, and another at 5525 West Lake Street, both in Chicago.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. Now, prior to that time, Mr. Carson, did you own some other restaurant?

Mr. CARSON. Yes, sir; I did.

Mr. KENNEDY. What were they named?

Mr. CARSON. Peter Pan.

Mr. KENNEDY. How many of those were there?

Mr. CARSON. Eight.

Mr. KENNEDY. And they were in the Chicago area?

Mr. CARSON. They were all in Chicago, sir.

Mr. KENNEDY. How long had you owned those?

Mr. CARSON. I started with 1 in 1945, I believe, and I sold them in 1953, and there were 8 at that time.

Mr. KENNEDY. Now, were you ever approached by the union about making any of your employees members of the Restaurant Union?

Mr. CARSON. Yes, sir; I was.

Mr. KENNEDY. When was that?

Mr. CARSON. I think the first time was somewhere around 1948 or 1949.

Mr. KENNEDY. Who came to see you at that time?

Mr. CARSON. I think his name was Cinegram.

Mr. KENNEDY. Did you join the union at that time; did any of your employees become members?

Mr. CARSON. Well, let me see. I really didn't, and my general manager did, and made a contract, and we went up to see Mr. Teitelbaum, and we joined the voluntary fund, or whatever it was called.

Mr. KENNEDY. That is when you were approached in 1949, was it not?

Mr. CARSON. 1948 or 1949.

Mr. KENNEDY. Didn't Mr. Blakely speak to you?

Mr. CARSON. I never spoke to him.

Mr. KENNEDY. You never spoke to Mr. Blakely or Mr. Albi?

Mr. CARSON. Albi or Cinegram are the only two I have ever talked to.

Mr. KENNEDY. What were their positions with the local?

Mr. CARSON. I think they were business agents.

Mr. KENNEDY. That is, of local 593, is it not?

Mr. CARSON. I don't know what it is.

Mr. KENNEDY. You were then a member of the restaurant association, but you hadn't contributed to the voluntary fund, and will you tell us what your conversations were then about the voluntary fund?

Mr. CARSON. With whom?

Mr. KENNEDY. When you went to see Mr. Kiesau?

Mr. CARSON. I told him I was approached by Albi or Cinegram, or whichever it was, and that I was anticipating some labor difficulties and if there was anything he could do. He told me that he could do for me the same as he was doing for many others; that I would have to contribute to the fund X number of dollars per month per employee, and I don't remember the figures.

Mr. KENNEDY. About \$1 a month for each employee?

Mr. CARSON. That is right, or \$1.25, and I think it excluded hostesses and cashiers and management.

Mr. KENNEDY. What was the purpose of this voluntary fund?

Mr. CARSON. It was a fund that the Chicago Restaurant Association was going to use to counteract the efforts of the union.

Mr. KENNEDY. To fight the unionization of the employees?

Mr. CARSON. That is right.

Mr. KENNEDY. Did you meet Mr. Teitelbaum at that time?

Mr. CARSON. I think that I went up to Mr. Teitelbaum's office, and I waited, and he didn't come in that day, or maybe I did or maybe I don't, and I really don't remember, sir.

Mr. KENNEDY. Did you meet him subsequently?

Mr. CARSON. No, sir.

Mr. KENNEDY. You don't know whether you ever met him?

Mr. CARSON. No, sir.

Mr. KENNEDY. You can't remember whether you had any conversations with Mr. Teitelbaum about this problem?

Mr. CARSON. I know that I was up to his office on Jackson Boulevard, and we waited, and I really can't remember if we did get to see him or not. Maybe we did and maybe we didn't, and I really cannot remember. I was with my general manager.

Mr. KENNEDY. What happened then with the union efforts to organize your employees, after you starting contributing to the voluntary fund?

Mr. CARSON. The efforts ceased.

Mr. KENNEDY. They never came around again?

Mr. CARSON. I won't say never came around, but, at least, the immediate problem was corrected.

Mr. KENNEDY. Now, were you approached again in 1950 or 1951?

Mr. CARSON. Yes.

Mr. KENNEDY. By whom?

Mr. CARSON. The same person, and I think it was Fred Albi again.

Mr. KENNEDY. Are you sure that wasn't from local 450?

Mr. CARSON. What is local 450?

Mr. KENNEDY. Hotel and Restaurant Employees and Bartenders, and the other union, we understand, was local 593.

Mr. CARSON. I am sorry. I recollect now. Yes, when the Harlem Avenue new store opened; you see, I had 7 stores in Chicago, and 1 was across the street from Chicago, but it was in Elmwood Park. That particular restaurant didn't come under the jurisdiction of the Albi union.

So, that particular restaurant, I suppose, that is what you are referring to?

Mr. KENNEDY. All right.

Mr. CARSON. Yes; it was more than an approach. Someone from whatever local you call it there.

Mr. KENNEDY. Local 450.

Mr. CARSON. Yes; local 450 went to the store, and started to make attempts to unionize them, and the manager, and so forth, told me about it, and I went out there one day and I met with someone from that local.

Mr. KENNEDY. Do you know whom you met with?

Mr. CARSON. No; I don't remember his name. He was a big man, big a man as I am, if not bigger or taller. I sat down and reasoned with him and tried to show him where it was impossible to get his demands, and I would appreciate if we couldn't find some happy medium so that neither one of us would be particularly hurt. I finally worked out a contract with him, that he took a certain percentage of those employees.

Mr. KENNEDY. How many employees did you agree to give him?

Mr. CARSON. Well, it is 10 years ago, Mr. Kennedy, but I would say possibly 20.

Mr. KENNEDY. You just selected any 20?

Mr. CARSON. No; I selected the ones that seemed that they wouldn't migrate, the ones that had been with me for a while, and told them about it, and they each signed a card, personally, and filled it out, and made their own beneficiaries, and all of that, and then I gave those to the union and they knew they were in the union.

Mr. KENNEDY. Did you pay the initiation fees?

Mr. CARSON. Yes; I did.

Mr. KENNEDY. Did you pay the dues?

Mr. CARSON. No; I don't think there was initiation fee, and I think that I just paid the dues.

Mr. KENNEDY. You didn't deduct it from their salaries?

Mr. CARSON. No; I paid it from the store.

Mr. KENNEDY. Did you continue to pay the dues each month then?

Mr. CARSON. Each quarter.

Mr. KENNEDY. By check or by cash?

Mr. CARSON. By check.

Mr. KENNEDY. And did you write those payments off as a business expense?

Mr. CARSON. I presume so; yes.

Mr. KENNEDY. Did the union representatives discuss the wages and hours and conditions of the employees?

Mr. CARSON. Quite a bit.

Mr. KENNEDY. Did they ask to examine the books to find out how much your employees were being paid?

Mr. CARSON. Yes; they did.

Mr. KENNEDY. Are your employees being paid above the union scale?

Mr. CARSON. Everyone except the waitresses.

Mr. KENNEDY. Are any of the waitresses in the union?

Mr. CARSON. I don't know, sir, and I don't remember if some of them were in the union or not, but the bone of contention between myself and the union has always been the waitresses.

It is very easy, and we can stay in business, to pay at least union wages to the men employees and the chefs and the miscellaneous help, but the part of the union contract that I have always fought was the salary that they designated for waitresses, because the waitresses, naturally, get gratuities, and it is part of their salary. So, it is always that waitresses' salary that I fought, personally.

Mr. KENNEDY. Well, when they examined your books and found out you weren't paying union scale, did they take any steps to enforce the contract?

Mr. CARSON. Well no, because, subject to that misunderstanding, I told them I had no objection to anything else, and if they wanted to get some unionization in the place and they would cooperate with me, and not make me get involved in this high waitress salary, I would go along with them; so, we more or less bargained, and they took the 20 people that would satisfy them, and I benefited in not having waitresses in the union.

Mr. KENNEDY. None of the waitresses went in the union?

Mr. CARSON. I don't presume so; at least, that is the thing I tried to keep out.

Mr. KENNEDY. Do you know if you kept them out or not?

Mr. CARSON. I can't remember 10 years ago, Mr. Kennedy.

Mr. KENNEDY. Well, when did you sell the restaurants?

Mr. CARSON. In 1953.

Mr. KENNEDY. That is not 10 years ago; it is 5 years ago; did you have any waitresses in the union?

Mr. CARSON. I have to repeat; I don't remember, sir.

Mr. KENNEDY. You said you bargained on this matter with the union, and I am trying to find out what the results of it were.

Mr. CARSON. The results must have been that I didn't have any waitresses in the union, or I wouldn't have accepted the bargain.

Mr. KENNEDY. What about your present restaurant?

Mr. CARSON. It is the same thing.

Mr. KENNEDY. Is that organized?

Mr. CARSON. On the same basis.

Mr. KENNEDY. Are you paying union scale to your employees?

Mr. CARSON. Everyone but the waitresses.

Mr. KENNEDY. Are any of your waitresses in the union there?

Mr. CARSON. No, sir.

Mr. KENNEDY. They are not?

Mr. CARSON. No.

Mr. KENNEDY. None of them are in the union?

Mr. CARSON. No.

Mr. KENNEDY. Why hasn't the union tried to organize your waitresses?

Mr. CARSON. For the same reason I just told you; I bargained with them to give them the rest of the help if they would leave the waitresses out.

Mr. KENNEDY. You made a payment to them so that they would not organize your waitresses; is that right?

Mr. CARSON. I didn't quite understand that question.

Mr. KENNEDY. You made a payment to them so they would not organize your waitresses?

Mr. CARSON. No; I bargained with them.

Mr. KENNEDY. And you made a payoff?

Mr. CARSON. No, sir.

Mr. KENNEDY. You gave them some money?

Mr. CARSON. No, sir.

Mr. KENNEDY. Did you give them any money?

Mr. CARSON. Never.

Mr. KENNEDY. You never gave them any money?

Mr. CARSON. Outside of the dues that I told you we paid on the ones.

Mr. KENNEDY. You gave them some money at this time, and this didn't come out as a checkoff, and it is forbidden by law for you to make any payment of that kind, under section 302.

Mr. CARSON. That is what I found out recently, and I didn't know it at the time.

Mr. KENNEDY. Then you made a payment with the understanding that they wouldn't organize your waitresses, and you got a "sweet-heart" contract?

Mr. CARSON. I don't quite accept it that way, Senator. I think that I bargained because what I didn't want in the restaurant to be unionized was the waitresses.

Mr. KENNEDY. That is not the point. The point is that the employees also have a right. Now let me ask you: Did you have on your payroll any individual with a criminal record?

Mr. CARSON. Yes; I did.

Mr. KENNEDY. Who did you have on your payroll?

Mr. CARSON. Well, I had many, but I presume the man you are asking about is a man by the name of Charles Gioe.

Mr. KENNEDY. How do you spell his name?

Mr. CARSON. G-i-o-e.

Mr. KENNEDY. He is known as "Cherry Nose" Gioe?

Mr. CARSON. I think so; yes, sir.

Mr. KENNEDY. How long did you have him on your payroll?

Mr. CARSON. About 2 years.

(At this point, the following members were present: Senators McClellan, Church, Goldwater, and Curtis.)

Mr. KENNEDY. What was he doing for you?

Mr. CARSON. He was helping me in many respects. He was closing some of the stores. I would call him a supervisor, if you want to call him that.

Mr. KENNEDY. A supervisor of your employees?

Mr. CARSON. Supervisor of the restaurants, sir.

Mr. KENNEDY. Did you know of his long criminal record?

Mr. CARSON. It was made very clear to me by his parole officer.

Mr. KENNEDY. You were aware of that?

Mr. CARSON. Positively.

Mr. KENNEDY. What happened to "Cherry Nose" Gioe?

Mr. CARSON. He was murdered.

Mr. KENNEDY. When?

Mr. CARSON. In 1954.

Mr. KENNEDY. He was murdered—

Mr. CARSON. In gangland style.

Mr. KENNEDY. How was he murdered?

Mr. CARSON. He was machinegunned.

Mr. KENNEDY. Could you tell us how many times he had been arrested?

Mr. CARSON. I don't know, sir. I didn't know Mr. Gioe that well.

Mr. KENNEDY. He visited at your home; did he?

Mr. CARSON. Mr. Gioe came to me when he was employed by—

Mr. KENNEDY. Just answer the question. Did he visit at your home?

Mr. CARSON. Yes; he did.

Mr. KENNEDY. Did you visit at his home?

Mr. CARSON. Yes; I did.

Mr. KENNEDY. What other financial interests have you had other than your restaurant since 1950?

Mr. CARSON. I went into the automobile business for a short time.

Mr. KENNEDY. What was the name of that company?

Mr. CARSON. 6162 North Broadway Auto Exchange.

Mr. KENNEDY. What other companies?

Mr. CARSON. I can't remember of anything else that I went into.

Mr. KENNEDY. Have you had any other financial interest since 1950 other than the restaurant and this auto thing?

Mr. CARSON. I haven't been in anything but the restaurant business. I am trying to think. Oh, yes, in 1957, I believe, I went into a distributing business connected with the restaurant business.

Mr. KENNEDY. What was the name of that?

Mr. CARSON. I called it the Carson Distributing Co., but I only operated it about 6 weeks and decided to get out of it.

Mr. KENNEDY. Did you ever have an interest or work for the Consolidated Molding Co.?

Mr. CARSON. No, sir.

Mr. KENNEDY. Did you ever hear of that company?

Mr. CARSON. No, sir.

Mr. KENNEDY. You never did? You never had a financial interest in that?

Mr. CARSON. No, sir.

Mr. KENNEDY. Do you know a Paul Mann?

Mr. CARSON. No, sir.

Mr. KENNEDY. Have you had any other financial interests since 1950 other than your restaurant and the two that you have mentioned?

Mr. CARSON. No, sir.

Mr. KENNEDY. How many employees do you have in your present restaurant?

Mr. CARSON. About 50.

Mr. KENNEDY. How many are members of the union?

Mr. CARSON. Twenty.

Mr. KENNEDY. Do you know what interests Cherry Nose Gioe had? Did you know of any other financial interests that he had?

Mr. CARSON. I started to tell you, Senator, but you told me not to answer. Do you want me to answer?

Mr. KENNEDY. Yes.

Mr. CARSON. It seems that Mr. Gioe had an interest in or owned the company known as Calumet Construction Co. When I was building one of my stores, he came in to bid on the job. That is how I got to know him. He didn't do the job, because he wasn't competitive. Shortly after that I had a store near his residence. I saw him a few times, and one day he approached me, if I had any opening in my organization for him, that he had discussed it with Mr. Condon. Condon came in and saw me, and I thought I did. Condon thought it was a good idea to give him a chance to rehabilitate himself.

I think that this Calumet Construction Co. ceased then. It was not doing so well. That is why he came to work for me.

Mr. KENNEDY. When did he come to work for you?

Mr. CARSON. I believe it was 1951.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Did your waitresses want to join the union?

Mr. CARSON. Yes; they did.

Senator CURTIS. The waitresses wanted to?

Mr. CARSON. Yes.

Senator CURTIS. This controversy about paying waitresses, that involved the gratuity or tip income? I mean, in what should be a proper pay, most restaurants take into account the gratuities the waitresses get; is that correct?

Mr. CARSON. No, sir; they don't.

Senator CURTIS. Here is what I have in mind: Not that you have to consider it, but is that one of the considerations in determining what a restaurant will pay a waiter or waitress, the amount of tips received?

Mr. CARSON. No, sir. There are some restaurants that we term as dinner houses, where the girls will work, say in a steak house or something, where their salaries are very unimportant, because in a steak house between, say the hour of 5 and 9 that girl may make somewhere between \$10 and \$12 a night.

Therefore, if she gets a \$3 salary, she makes \$15 for the night. On the other hand, if you have a short-order restaurant, like Peter Pan was, where the tips aren't that great, then, of course, you have to pay them a little more money.

My argument with the union always was that there should be a separate contract where the gratuities should be taken into consideration, because, Senator, I would like to point out, and I think it would be of interest to you to know, that the restaurant business is a partial-service business, a partial-purchase business, and a certain amount of overhead.

The way our business was always set up, our food cost runs somewhere between 40 and 42 percent, our overhead is something around 20 or 22 percent, and our payroll cannot go beyond 30 percent.

I do not believe that there is any restaurant operating in Chicago, even though they are paying this \$3 a day or whatever it happens to be, that can show a payroll that is much less than that 30 percent.

Now, if you take the bulk of your help, which happens to be the waitresses, and you take and pay them \$36 a week instead of \$18, you are doubling your payroll amongst the most employees. Actually, they are not the ones that need it, because they do get these gratuities.

So I don't see how anybody—at least, I couldn't find a way to stay in business and pay \$36 a week which the union felt the waitresses should get.

Yesterday, I heard you, Senator, mention to someone that he gained about \$16,000, the difference between what he should have paid in help and what he did not pay by having his contract.

Senator CURTIS. I heard that mentioned here. I think it was someone else.

Mr. CARSON. I don't know. It was someone. I would like to point out that if you are seeking facts, I would like to point out, Senator McClellan, that if we had paid the actual salary the union wanted, there would not have even been the 7 or 8 percent left for the operator of the restaurant. In other words, there was never an attempt made by the restaurant to take advantage of the employees. It was just a bad setup where the waitress' salary was concerned.

Senator CURTIS. Are there some eating houses in this country where gratuities are sufficient and they pay no salary?

Mr. CARSON. Yes, there are, sir.

Senator CURTIS. What type of eating house would that be?

Mr. CARSON. Well, it would be a house where the tips were known to be very good.

There are places in Chicago where girls get only a dollar a day. There are other places where they get \$10 a day. In other words, if a girl works in an industrial factory neighborhood, where a working-man comes in and he pays the price of the food and leaves maybe a nickel or a dime, that girl you have to pay her maybe \$10 a day to keep her.

But if she is working in a place, say—well, I will take Wolfie's, in Miami Beach, where it is a resort town and everybody tips so well, those girls work for, maybe, \$3 a day. I don't know.

Senator CURTIS. I don't know enough of the facts, and I am not attempting to appraise it or condone it or condemn it either, but what would have happened in the restaurant situation in Chicago if they had not the restaurant association?

Mr. CARSON. Well, in my opinion they never would have needed a restaurant association if the union would have worked out a contract like I am telling you. I think every restaurant man would have been happy to have every employee in the union if they would take and have a separate contract for a separate type of business.

When I argued with Cinegram, that was my argument. I was not opposed to paying—I have a chef now that I pay \$180 a week. I don't have anybody working in the kitchen that gets less than \$100. But I still can only afford to pay \$18 a week. You can see my records. Even by paying the girls \$18 a week, my percentage of labor cost in my business is still 27 to 28 percent.

You can understand in a barber shop, he sells nothing but labor.

In a food mart, where it is a self-service business, they have a small labor percentage.

But in the restaurant business, we have it combined. The only thing we can control is the labor cost. The food cost is more or less controlled by the customer.

If we cut down the portions, by increasing our labor cost, then we are not going to do any business. As far as our operating cost, the electricity, insurance, and things like that, we hardly control them, except for the exception where you might make a bad lease. So the only thing that you can control is the labor percentage of cost, and that is the thing that I fought.

If any union would come up today and bargain with me on that basis, I would be very happy to have a 100-percent union shop.

Senator CURTIS. That is all, Mr. Chairman.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Mr. Carson, you said you have 50 employees in your present restaurant?

Mr. CARSON. Yes.

Senator GOLDWATER. You have two restaurants?

Mr. CARSON. Yes, sir.

Senator GOLDWATER. You have 50 in each or 50 total?

Mr. CARSON. No, the second restaurant has only opened up about 3 months ago and nothing has been done yet about the labor situation. When I spoke of the 50, I was speaking of Broadway.

Senator GOLDWATER. You speak of negotiating with the union. Do the negotiating yourself?

Mr. CARSON. Yes, I did, sir.

Senator GOLDWATER. Did you have a lawyer to help you?

Mr. CARSON. No, sir.

Senator GOLDWATER. You did it all by yourself?

Mr. CARSON. Yes, sir.

Senator GOLDWATER. Do you ever call on the association for their help?

Mr. CARSON. No, sir.

Senator GOLDWATER. Have you always negotiated yourself?

Mr. CARSON. Yes, I have.

Senator GOLDWATER. I want to get to one other subject that was mentioned in this this morning. You have been in the restaurant business in Chicago since 1941?

Mr. CARSON. That is right, sir.

Senator GOLDWATER. Have you ever had occasion to use the police labor detail?

Mr. CARSON. No, sir.

Senator GOLDWATER. Do you know about it?

Mr. CARSON. I didn't even know that one existed.

Senator GOLDWATER. When did you first hear about it?

Mr. CARSON. Now.

Senator GOLDWATER. Today?

Mr. CARSON. That is right, sir.

Senator GOLDWATER. From me?

Mr. CARSON. That is right, sir.

Senator GOLDWATER. If you ever had to call the police, would you expect a member of the labor detail or would you expect a member of the regular force?

Mr. CARSON. I would expect a regular policeman.

Senator GOLDWATER. You have never heard of this detail?

Mr. CARSON. I have never heard of it; no, sir.

Senator GOLDWATER. It is rather amazing. Have you ever had any labor trouble, where you have had strikes?

Mr. CARSON. No, sir.

Senator GOLDWATER. Any violence?

Mr. CARSON. Never, sir.

Senator GOLDWATER. Any threatened violence?

Mr. CARSON. Never, sir.

Senator GOLDWATER. That is all I have, Mr. Chairman.

The CHAIRMAN. Senator Church?

Senator CHURCH. No questions, Mr. Chairman.

Mr. KENNEDY. Mr. Chairman, I would just like to have the witness remain while we put another witness on regarding the advantages this witness obtained through the deal that he made with the union. I would like to call Mr. Gotsch, who was sworn yesterday.

TESTIMONY OF GERALD GOTSCH—Resumed

Mr. KENNEDY. Have you made a study of the books and records of Mr. Carson's former interests in Peter Pan Restaurants?

Mr. GOTSCH. No, I have not, sir. 6162 North Broadway store is owned by him presently.

Mr. KENNEDY. What about the other interests, when he had the interest in Peter Pan in 1953?

Mr. GOTSCH. The study was made under the present ownership.

Mr. KENNEDY. I am talking about when Mr. Carson had the ownership.

Mr. GOTSCH. No, we did not.

Mr. KENNEDY. Why didn't you make a study of those books and records?

Mr. GOTSCH. Of Peter Pan?

Mr. KENNEDY. Yes. Are the books and records available?

Mr. GOTSCH. No, they aren't, sir, as I remember.

The CHAIRMAN. Are the books and records of the former Peter Pan Restaurant available?

Mr. CARSON. No, sir.

Mr. KENNEDY. Where are they?

Mr. CARSON. I don't know, sir.

Mr. KENNEDY. What did you do with the books and records?

Mr. CARSON. The bookkeepers would know what they did with them. I don't know.

Mr. KENNEDY. You have no idea where they are?

Mr. CARSON. No, sir.

Senator GOLDWATER. Do you have your own bookkeeper?

Mr. CARSON. I have a bookkeeping firm.

Senator GOLDWATER. You hire them?

Mr. CARSON. We hire outside C. P. A.'s.

Senator GOLDWATER. Are books kept on the premises?

Mr. CARSON. Yes, sir.

Senator GOLDWATER. They are in your possession?

Mr. CARSON. Yes, sir. I gave Mr. Gotsch the books of the restaurant I operate.

Mr. KENNEDY. We will get into that—the restaurant you own at the present time. I am talking about the former ownership. We wanted to go through the former ownership.

Mr. CARSON. I didn't have them; no, sir.

Senator GOLDWATER. When was that restaurant sold?

Mr. CARSON. 1953.

Mr. KENNEDY. Did you make a study of the books and records of Mr. Carson's restaurant at the present time?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. Did you determine how many employees he had, how many were union and how many nonunion?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. Tell us about it.

Mr. GOTSCH. This is the restaurant located at 6162 North Broadway. He has a total of 32 employees. The only union employees are three bartenders and the organist. There are 8 miscellaneous kitchen workers, all of whom are nonunion, 7 paid lower than the scale and 1 paid above the scale. There are 3 cooks who are nonunion; 2 are paid below union scale and 1 paid above.

There is one hostess, nonunion, paid above the union scale. Of course, as Mr. Carson pointed out, the waitresses are all paid below the union scale.

Mr. KENNEDY. How many waitresses are there?

Mr. GOTSCH. 17 in all.

Mr. KENNEDY. And all paid below the union scale?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. How many employees does he have?

Mr. GOTSCH. 32.

Mr. KENNEDY. How many are members of the union?

Mr. GOTSCH. In the restaurant category, only three.

Mr. KENNEDY. Only three?

Mr. GOTSCH. Yes, sir.

Mr. CARSON. That cannot be right, sir.

Mr. KENNEDY. That is what your books and records show.

What is the total saving to Mr. Carson in not having to pay union scale?

Mr. GOTSCH. Approximately \$13,500.

Mr. CARSON. Where do you come to that figure?

Mr. KENNEDY. He will tell you, if you want to know.

Mr. CARSON. I would like to know, yes, because I think this is stigmatizing the restaurant business in Chicago.

Mr. KENNEDY. Not the restaurant business in Chicago. It is a question of your restaurant.

The CHAIRMAN. Give a breakdown of these figures, how you arrived at the total.

Mr. GOTSCH. Senator, that is based on the union scale for each craft. The miscellaneous, for example, who are nonunion. Let's take the waitresses. There are 17 waitresses paid \$3 a day and the union scale is \$5.33 per day. Therefore, each waitress would be shorted, more or less, from the union scale, \$2.33 per day.

That figure, of course, is multiplied by the number of working days in the year. That is how we arrived at, for instance, the amount of money from the waitresses.

The CHAIRMAN. In other words, you have taken the union scale and then taken the wages as reflected by his records, and determine the difference, and the thirteen-thousand-and-some-odd dollars is the difference between what he would have to pay out if they were all union and lived up to the union standards and requirements about wages, and that which he actually does pay out?

Mr. GOTSCH. That is correct.

The CHAIRMAN. The \$13,000 plus makes the difference?

Mr. GOTSCH. That is right.

TESTIMONY OF CHRIS CARSON—Resumed

The CHAIRMAN. Have you any other ideas about it?

Mr. CARSON. Senator McClellan, yes. I would like to ask a question. It seems to me that of that \$13,000 that Mr. Gotsch is talking about, \$12,000 of it is waitresses. Senator, you are presuming that the \$5.50 that the union is asking as a salary for a waitress is the proper one.

The CHAIRMAN. Is it what?

Mr. CARSON. Is the proper salary. If you are to presume that—

The CHAIRMAN. I don't know whether it is proper or not. I don't know whether it is too high or too low. We are talking about your dealing with the union. That is what the union says they should be paid.

Mr. CARSON. That is right, Senator.

The CHAIRMAN. But you don't put them in the union and, therefore, the union does not tell you how much you shall pay them.

Mr. CARSON. That is right, but may I tell you this: You are looking for facts, and I hope I am giving you some.

I think I am giving you some that will possibly help you. The union comes along and says that a man that works behind the kitchen as a broiler man all day long is entitled to whatever Mr. Gotsch says.

I don't know. If he will tell you what the union scale is for a broiler man—he has the figures there. I don't know what it is. Is it about \$90 a week, Mr. Gotsch?

Mr. GOTSCH. The salary for a broiler man is \$14.58 a day.

Mr. CARSON. If we are to presume that is in balance, then they come along and say they want \$5.50 for a waitress, and the waitress, on a Saturday night—and I am sure there are other restaurant men here who will bear me out—will make \$15 in tips. Does that seem to you like her base pay is a fair one? Where she makes \$20? She makes \$6 more than the man who stands behind in the kitchen, by a hot stove?

The CHAIRMAN. I am not arguing how much should be paid for anything. I am simply talking about your dealing with unions.

They have a scale. They make a contract with someone, and I assume their scale is supposed to prevail. In other words, if the union has a standard scale of \$5.50 for waitresses, it would hardly be proper for it to go out and make different contracts with different restaurants.

If they say that is the standard, that is the minimum that should be paid. You do not put your employees into the union. I am not saying you should or should not, but I am talking about the union.

If it is one the job and trying to represent the people whom it takes money from, trying to do a job for their benefit, interest in their welfare, I think it would be the union's duty to try to see that they were all treated alike.

Mr. CARSON. I agree with you, Senator.

The CHAIRMAN. But if they make a sweetheart contract, and I am not saying they did with you, but I am pointing out, if they make a sweetheart contract and let you put 3, 4, 5, 6, or 8 of your employees in and pay for them, with the understanding they will not organize your waitresses, who you say wanted to join——

Mr. CARSON. That is right, sir.

The CHAIRMAN. Then I can't see that the union is acting in good faith. Maybe you can.

Mr. CARSON. I didn't say that, sir, but if you were on a board to negotiate that salary, don't you think you would adjust that waitress' pay?

The CHAIRMAN. I don't know what I would do. I don't know enough about your business. But I am pointing out that if the union is in good faith, it ought not to make a deal with you to leave the waitresses out, and at the same time exact from you payment of some that are getting the union wages.

Mr. CARSON. I agree with that.

The CHAIRMAN. We are looking into improper practices.

Mr. CARSON. That is all right, Senator, but what I want you to know is that there have been some inferences made here that the restaurant men were making these deals to take advantage of the employees. I say that the waitress problem is the only reason that the restaurant men fought this thing.

The CHAIRMAN. I think the real inference, or if not the inference the facts have been, according to the testimony, if it has been proved, and I assume it is, that restaurant men, many of them, were caught in a situation where they were compelled to make some kind of a deal with the union, to put their employees or a part of them in the union.

In other words, pay tribute to keep from having union trouble, from being picketed and having their business damaged, which I think is rackets.

And an improper one.

(At this point, Senator Mundt entered the hearing room.)

Mr. CARSON. What is your opinion of the restaurant men in Chicago?

The CHAIRMAN. I don't know them. I don't have any opinion on them.

Mr. CARSON. It is important to us. I mean, it seems to me when some one takes a figure like this and says you make \$13,000, it sounds like you are running a sweat job. We have never done that. We have had a bad problem here, and this is what we have been trying to do with it.

The CHAIRMAN. Well, it sounds like you have a problem there. I can appreciate that businessmen sometimes are put under such pressure and are threatened with such injury from a business standpoint or maybe otherwise that they will enter into some kind of a contract against the will, without the consent, and sometimes without the

knowledge of their employees, put them in the union, where they have to pay dues, or where the employer has to pay the dues for them.

That, in my judgment, is a sweetheart contract, because the union is not primarily interested in or trying to serve the interests and welfare of the people who are doing the work.

The businessman may do it voluntarily or he may do it under coercion and intimidation, but he is getting an advantage by forcing his employees into the union or putting some of them in there and paying their transportation in, so to speak, out of his own income.

There is something wrong about the whole thing when it operates in that fashion. That is what we are interested in.

MR. CARSON. No argument.

Senator, may I ask you one thing? I came down here to cooperate and give you whatever information I had. I would like to ask Senator Kennedy what did he benefit by taking a businessman like myself who tried to do a good turn for someone and asking me whether I employed Charlie Gioe.

THE CHAIRMAN. I don't know what the connection is with respect to that, except we are undertaking to show, and I think we are making some progress in that direction, that people of underworld sources are infiltrating into labor and management relations. They are, therefore, engaging in racketeering, exploitation, and, in some instances, in extortion and the implication could very well be that you were required to give this man a job, to satisfy some underworld character.

I don't know whether that is true or not. But it would be a proper matter for this committee to interest itself in.

MR. CARSON. Right, and I want this committee to know, and anybody else that knows me, and I have under oath, and I have two children who mean more to me than anyone else in the world, I will take an oath to them that Charlie Gioe was an employee of mine that I tried to help, who never invested one dime in my business, and by trying to be a good fellow Senator Kennedy may have made me look today like I don't know what.

MR. KENNEDY. Senator Kennedy is not here, and I am Mr. Kennedy.

MR. CARSON. I am sorry, sir.

MR. KENNEDY. I would just like to say, if I could answer that, that Mr. Gioe is a notorious underworld figure, and he was killed in gangland style. He was mixed up in many of the rackets in Chicago, and he appears on your payroll for a period of 2 years under unusual circumstances. At the same time you have a "sweetheart" contract with the union.

MR. CARSON. That is not right, Mr. Kennedy, and my union problems were settled before Mr. Gioe ever came to work for me.

MR. KENNEDY. Well, you had a "sweetheart" contract with the union during the period of time Mr. Gioe worked for you, and at this present time you have a "sweetheart" contract.

MR. CARSON. And Mr. Gioe is dead now and he can't be negotiating that one for me.

MR. KENNEDY. The relationship that arose during that period of time is very interesting to us. You wanted to have the answer as to why we brought it up, and that is the reason.

MR. CARSON. You discussed it with me in privacy, and I don't think it was fair, because after all I am in business in Chicago, and there

are a lot of people that might start thinking that I don't run a legitimate restaurant.

Mr. KENNEDY. They possibly might be right.

The CHAIRMAN. Let the Chair say this: It is not the purpose of this committee's function primarily to hurt people. It is primarily to get facts and information upon which we may legislate for the good of all decent Americans.

We are going to search in these fields to find out practices that may prevail, or may be presently or in the past have been engaged in with a view of guidance toward legislation.

Senator CURTIS. Did I understand you employed this man after discussion or arrangement with some official, a parole officer?

Mr. CARSON. Yes, sir.

Senator CURTIS. What was his name?

Mr. CARSON. Mr. Condon. He was a Federal parole officer. Senator, in 1948 Mr. Kupciet, a columnist of the Chicago Sun-Times, wrote an article commending me for helping a few men who came out of prison and giving them a start in life. I think that that is where this connection stemmed from, where in 1951 Condon came to me. But it looks bad, you know, to 6 million people in Chicago.

Senator CURTIS. But the parole officer okayed the arrangement you made with this man?

Mr. CARSON. Absolutely.

Senator CURTIS. And he knew what his duties were, and about what his pay would be and so on?

Mr. CARSON. Absolutely he came there every month and checked on what the man was doing.

Senator CURTIS. I am very much interested in those things, and I have been informed from reliable sources that restaurant people more than perhaps any other business have given a chance to down and outers when they couldn't get jobs any other places.

Mr. CARSON. Thank you, Senator.

The CHAIRMAN. Are there any further questions?

Senator CURTIS. Maybe some of them are wrong, but I think that that should be said.

Senator GOLDWATER. Now, you said that you do your own negotiating?

Mr. CARSON. Yes, sir.

Senator GOLDWATER. Do you know how many other restaurants in Chicago have the same kind of a contract where they exclude the waitresses?

Mr. CARSON. I would think that most of them have that contract, that have anything to do with the union.

Senator GOLDWATER. Is that pretty general across the country, to your knowledge?

Mr. CARSON. It is general in Chicago that the waitress' salary is too high.

Senator GOLDWATER. That wasn't the question. Is it general in Chicago that the waitresses are not included in a union contract?

Mr. CARSON. I would say yes, sir.

Senator GOLDWATER. Does that come about as a result of your negotiating or does it come as a suggestion from the union side?

Mr. CARSON. No, sir. Did you notice of this \$13,000 that Mr. Gotsch pointed out, \$12,000 of it was in this fictitious—what I call fictitious—

waitresses' pay, and it should never be based on that. That is what makes it look bad. That is what I have always fought. If they will come in with a contract and I don't see why they can't, and I imagine every union has a right to negotiate separate contracts for separate businesses, and they could take nightclubs and put them in one class, and short-order restaurants in another, and take care of that.

Senator GOLDWATER. Let me ask you a question there: I don't know whether or not the Pump Room has a union contract?

Mr. CARSON. I would say they do.

Senator GOLDWATER. Would their waitresses be under that?

Mr. CARSON. They have men waiters, and I would say that their base pay, I think, is around \$6 a night.

Senator GOLDWATER. That is what I was getting at. Are there different scales for different types of restaurants? For instance, the same as the Pump Room?

Mr. CARSON. The only difference that exists today, I think they have a different scale for a man waiter and a different scale for a woman waitress but they have never broken down the categories of waitresses, which I think they should do.

Senator GOLDWATER. So \$5.30 for a woman would be the same regardless of the type of restaurant it was?

Mr. CARSON. That is right, Senator.

Senator GOLDWATER. A drive-in or the best place in town?

Mr. CARSON. That is right, sir.

Senator GOLDWATER. Now, do you go into the bargaining table with the purpose in mind of excluding the waitresses?

Mr. CARSON. Nothing else. I will accept anything else but that waitresses' pay.

Senator GOLDWATER. Do you think then that the union is doing a conscientious job for the people they represent when they allow any restaurant to drop a segment of their people?

Mr. CARSON. No; I don't.

Senator GOLDWATER. Do you think that they could bargain a little harder on that, and possibly come to some terms with you?

Mr. CARSON. I think if the union would set up a different wage scale for the waitresses, I believe, I have heard they have 10,000 members, and I think they would have 25,000 in 1 month, and I will personally go out and get them all.

Senator GOLDWATER. There is no way of knowing, I imagine, under the investigating income-tax returns, what your girls make as a total; is there?

Mr. CARSON. Well, I would generally say that it would be safe to presume that a restaurant, say the restaurant does in the dining room about \$600, and if I were representing the union I would go in to a restaurant man, and if I saw that he was doing \$600 of business, I could be pretty close in feeling that there was about \$60 in tips left in that establishment that night.

Now, if the man had 7 girls, I could almost bet my life that they averaged somewhere between \$8 and \$9 a girl. On the rare occasion, one may make a couple of dollars more than the other, but the hostess rotates the customers as they come in, and she sits one party to one girl and the next one to the other. There is an exception where a party walks in and said, "I want Mable," and that one, of course, may get an extra party that night.

Senator GOLDWATER. What happens in these restaurants that add a 10-percent service charge? Do those restaurants pay a basic salary or do they depend on the 10 percent?

Mr. CARSON. I don't think that there is one operating like that in Chicago, Senator. I have paid a gratuity tip in the East, and I don't remember where else I may have paid it, but I have never been in a restaurant in Chicago where anything was added to the check.

Senator GOLDWATER. Well, to sum this up, then, it seems to me, and I apologize for not having been here during the earlier part of these hearings, from just the testimony today that the unions are doing a bad job in negotiating.

Mr. CARSON. You are right, sir.

Senator GOLDWATER. If they feel any responsibility at all toward those people in your establishment and others whom they represent, then they should attempt to represent them 100 percent and not exclude any group.

Mr. CARSON. You are right, sir.

Senator GOLDWATER. I don't know how you can negotiate when you reach the impasse of their refusing to set less than \$5.30, and you refusing to any more than whatever it is you give, \$3 or whatever it is?

Mr. CARSON. I am sure you have a pad of paper there. If you will please mark down something it will clarify it in your mind. When a restaurant takes in \$1, take these figures and check them with internal revenue, or we have here today the president of the Chicago Restaurant Association, who operates a very big restaurant, and I think he can stand up here and call me a liar if I am lying, and our operating expense today provided we don't make a bad lease—I have made a lot of leases, and opened up a lot of restaurants, and I think you are talking to a man who knows his business, and if you make a bad lease you anticipate a certain amount of business and all of a sudden your percentage of rent is out of line.

Now, barring that, I would say that our total operating expense which takes in light, gas, linen, insurance, some advertising and rent and so forth, runs around 22 percent.

Now, if you write that down, that is 22 cents has got to go there. You can't operate a restaurant in this town competitively and have much lower than a 42-percent food cost. If you do, the customers are going to come in and say "well, I am getting robbed here," and never come back.

So we add 42 cents of that dollar.

Now, right there, we are now at 64 cents, and I bet you that my friend, the man that bought the Peter Pan chain from you, Mr. Sidney Smith back there, would wish that he was running those figures, and we fight to maintain those.

But surmising everything is good, it is 64. Now, if we allow about 28 percent for labor, we are at 92 percent. Now, this is a small business, Senator, where there is no salaries, and there is no officers salaries, and so in this 28 percent we haven't allowed anything to the man operating this restaurant. So he has 8 percent left. The average restaurant in Chicago if it does around \$170,000 to \$200,000 a year, gross volume is a good business. So if we take the top figure of \$200,000, the man makes \$16,000.

Now, if the union comes in, and by doubling this salary on waitresses alone that Mr. Gotsch checked my books for, and he takes that \$13,000 away, does that sound fair?

Senator GOLDWATER. It depends on how you look at it. You are talking percentages on one side, and if your salary costs are limited by reason of negotiations your prices go up also.

Mr. CARSON. But you can price yourself out of the market.

Senator GOLDWATER. That is true, and we see that happening all over America today.

Mr. CARSON. That is the thing we have been fighting. The only thing wrong with this union contract in Chicago, in my opinion, there should be an adjustment made in the waitress' salary and that union can go on and sign up a lot of people and it can work just like General Motors does.

It doesn't have to be a hidden thing, and if someone sensible sits down and comes to a basic rate for only that waitress. Nobody will argue about paying the chef a living wage, and we pay our hostesses \$65 a week. We pay our cashiers \$60 a week and there is no objection to that. We know an employee has to take home a living salary, but when we know a girl is making \$10 or \$12 a day in tips, we try to save that \$3 because we have 15 or 20 girls. That \$3 is \$60 a day which is \$2,000 a month.

That is the only bone of contention that I have ever had with the union.

Senator GOLDWATER. I don't want to pursue this any further, Mr. Chairman. It is getting into arithmetic.

The CHAIRMAN. Is there anything further?

All right, stand aside, and call the next witness.

Mr. KENNEDY. Mr. Sidney Smith.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SMITH. I do.

TESTIMONY OF SIDNEY SMITH

The CHAIRMAN. State your name, and your place of business, and your residence, and your business or occupation.

Mr. SMITH. My name is Sidney Smith, I am a general manager of the Peter Pan Restaurants, in Chicago, and my address is 188 West Randolph Street.

The CHAIRMAN. How long have you been in the restaurant business, Mr. Smith?

Mr. SMITH. I was in the restaurant business in 1942 and 1945, in California. I left it for a while, and I came back into the business again in 1948.

The CHAIRMAN. In Chicago?

Mr. SMITH. No, in Detroit.

The CHAIRMAN. When did you go to Chicago?

Mr. SMITH. In 1949.

The CHAIRMAN. All right, you waive counsel?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. Mr. Smith, in 1953, you purchased eight Peter Pan Restaurants?

Mr. SMITH. Seven.

Mr. KENNEDY. And then you built one since that time?

Mr. SMITH. We have built four more since then in Chicago.

Mr. KENNEDY. So now you have altogether 11?

Mr. SMITH. Eleven in Chicago.

Mr. KENNEDY. Are they all called Peter Pan?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. Do they operate under the Richard's Drive-In Restaurant?

Mr. SMITH. That is a separate group, Mr. Kennedy, and those are drive-in restaurants.

Mr. KENNEDY. It has nothing to do with Peter Pan?

Mr. SMITH. Only in a corporate way.

Mr. KENNEDY. Were you ever approached by any representative of the union about your employees becoming members of the union?

Mr. SMITH. No, sir.

Mr. KENNEDY. Are any employees of your restaurant members of any restaurant-employees union?

Mr. SMITH. No, with one exception, and that is the unit that Mr. Carson just testified about, one store in Elmwood Park, a suburb of Chicago.

Mr. KENNEDY. What are the arrangements on that?

Mr. SMITH. Well, when we were negotiating the purchase of the Peter Pan chain, at some point in the prepurchase negotiations, Mr. Carson informed me that he had a union contract or agreement at one of his stores, which is the one we are talking about now. Upon inquiry, asking him some of the details, it was revealed to me that there were 15 members of that store that were under union contract.

Mr. KENNEDY. So did you decide to continue to pay the dues for those people?

Mr. SMITH. Yes; I did.

Mr. KENNEDY. Did you ever sign a union contract?

Mr. SMITH. No, sir.

Mr. KENNEDY. Has there ever been an attempt by the union to organize any of the other employees?

Mr. SMITH. At that particular store, you mean?

Mr. KENNEDY. Yes.

Mr. SMITH. I don't know.

Mr. KENNEDY. Do you know of any effort to organize the rest of the employees?

Mr. SMITH. At that store?

Mr. KENNEDY. Yes.

Mr. SMITH. I don't know.

Mr. KENNEDY. Have there been any efforts at any of the other stores to organize the employees?

Mr. SMITH. From time to time there have been.

Mr. KENNEDY. Successful?

Mr. SMITH. No.

Mr. KENNEDY. Out of your whole operation, there are only these 15 employees who are signed up?

Mr. SMITH. That is right.

Mr. KENNEDY. You just continue to pay the dues on these 15 individuals?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. Has the union come around at all to find out about their wages, hours, or conditions of work?

Mr. SMITH. Not that I know of.

Mr. KENNEDY. Now, according to the records of your restaurant that we have studied, of the 15 employees that dues have been paid on, 13 are no longer working at the restaurant; is that correct?

Mr. SMITH. That was revealed to me when one of your investigators came out.

Mr. KENNEDY. You were paying dues for 13 individuals who were not even employed there?

Mr. SMITH. I believe that is true.

Mr. KENNEDY. One individual actually was deported from the United States for jumping ship over Greece, while you were paying dues on him, did you know that?

Mr. SMITH. I didn't know anything about that.

Mr. KENNEDY. He left the United States on December 8 and he was deported by the United States Government, and he left on December 8, 1957, and you were paying dues on him in 1958.

The CHAIRMAN. Let me ask you. Do you just pay dues on a name irrespective of whether the person is actually in your employ or not?

Mr. SMITH. Well, there was an original list of names of employees at the time that Mr. Carson owned these restaurants.

The CHAIRMAN. Was that list not kept current?

Mr. SMITH. It is not current now, but I believe that the union had made an honest attempt to keep it current, because I received a communication from them not too long ago in which they sent me the list of current employees on their list and made the statement that if this list was not correct would I please bring it up to date.

Mr. KENNEDY. Whose place is it to keep that list current, if you were actually paying the dues?

Mr. SMITH. I don't know, and I am under the impression it is up to the union to keep it up to date.

Mr. KENNEDY. Well, you are collecting the dues and reporting on who you are collecting them for, and if you are paying them yourself you should know on whom you are paying, and whether you are paying on your own employees.

Mr. SMITH. We don't deduct these dues.

Mr. KENNEDY. You just pay it out of the business operation as an expense?

Mr. SMITH. That is right.

Mr. KENNEDY. And neither you nor the union has been very much concerned about whether you are paying on people who now work for you or people who may have worked for you before but may now be working somewhere else.

Mr. SMITH. Except as I just said, this indication in the communication from the union asking me to bring the list up to date.

The CHAIRMAN. When did you receive that communication?

Mr. SMITH. In April 1958.

The CHAIRMAN. How long have you been operating under this arrangement?

Mr. SMITH. Since we purchased the restaurants from Mr. Carson, in 1953.

The CHAIRMAN. All right, for 5 years there has been no checkup either way, by you or by them?

Mr. SMITH. I believe there was a checkup made 2 or 3 years ago, and I think they have been trying, and I may have been remiss if it was up to me to keep this thing current.

The CHAIRMAN. That is the thing I am interested in, in the first place you have no contract.

Mr. SMITH. No.

The CHAIRMAN. There is no contract?

Mr. SMITH. There is no contract.

The CHAIRMAN. The fellow who is working there may quit tomorrow and you may be paying out of your business on someone who is not your employee at all.

Mr. SMITH. That is right.

The CHAIRMAN. Now, what benefit have any of them ever received by reason of the fact that you pay that money?

Mr. SMITH. I don't know.

(At this point the following members were present: Senators McClellan, Church, Goldwater, Mundt, and Curtis.)

The CHAIRMAN. You know of none, do you?

Mr. SMITH. Not to my knowledge.

The CHAIRMAN. That is the way the arrangement with the union out there in the restaurant business operates?

Mr. SMITH. I don't know.

The CHAIRMAN. Do you know of any employee who has gotten any benefit from one of these arrangements?

Mr. SMITH. In my store?

The CHAIRMAN. Yes.

Mr. SMITH. I don't know of any; no.

Mr. KENNEDY. This is a deal that had been made earlier?

Mr. SMITH. Yes. As I say, I was under the impression that a union contract or agreement was negotiated before we took over this chain. I have gone on the assumption since then that that union contract has been in force.

Mr. KENNEDY. Do you know if you are paying your employees above or below union scale?

Mr. SMITH. I don't know what the union scale is. I have never seen a union contract.

Senator MUNDT. When you make your payments out to the union for these employees, do you list their names or do you just send them a lump sum?

Mr. SMITH. Well, there is a list of names.

Senator MUNDT. Do you list the names or does your bookkeeper list the names?

Mr. SMITH. Yes; they have a list of names.

Senator MUNDT. Twelve, thirteen, or fourteen names?

Mr. SMITH. I believe there are 15 there.

Senator MUNDT. And every time you send a check, every month, you send that list of names?

Mr. SMITH. No. I don't send them a list of names; no. The list of names, I presume—

Senator MUNDT. Do you send just a lump sum of money?

Mr. SMITH. Is the latest list of names. I get a statement for the dues every 3 months of so much money.

Senator MUNDT. Do they have a list of names?

Mr. SMITH. The union has a list of names; yes.

Senator MUNDT. Which accompanies the statement?

Mr. SMITH. No; it does not accompany the statement. I receive a statement every 3 months.

Senator MUNDT. What does it say on the statement?

Mr. SMITH. I believe—I don't know for sure. I don't remember the details of the statement, but in general the statement calls for a payment of dues for 3 months covering 15 employees.

I believe the amount is \$52.50.

Senator MUNDT. They don't list the names of the employees?

Mr. SMITH. No; not each time they send the statement.

Senator MUNDT. You don't have a list of the names of the employees that you send them?

Mr. SMITH. Yes; I do.

Senator MUNDT. You send a check?

Mr. SMITH. No; I have a list of the names.

Senator MUNDT. You have a list of employees?

Mr. SMITH. That is right.

Senator MUNDT. There must be a great difference between the list of employees to whom you make your weekly paycheck and the names of the employees on which you pay the union dues?

Mr. SMITH. Yes; if that list is not up to date, that is true.

Senator MUNDT. It can't be up to date if one of them is over in Greece some place and has not worked for you for a long time.

Mr. SMITH. That is true.

Senator MUNDT. How do you convince Uncle Sam's tax inspectors to let you deduct as a cost of doing business the union dues for a fellow living in Greece?

Mr. SMITH. That is a good question.

Senator MUNDT. We have a pretty good bunch of fellows checking on these tax returns. While you may be completely innocent about it, perhaps, it seems to me that this would be a cause of considerable concern to the income-tax people. Conceivably, these employees, who move around from place to place, could have 4 or 5 sets of dues deducted every week on the same employee as a cost of doing business, and people who would be getting hurt on that would be the general American public and the taxpayers.

Mr. SMITH. That is true.

Senator MUNDT. How do we stop that sort of thing?

Mr. SMITH. I don't know.

Senator MUNDT. You don't know?

Mr. SMITH. How do we stop?

Senator MUNDT. I can suggest a very simple way, as a country boy from South Dakota, and that is if you would insist that they send you the names of the people on whom you pay the dues, and you looked out in the kitchen and say "These boys belong to someone else. One of them is in Greece, a couple of them are in Texas," and then you would say "I am not going to pay on them."

It would be as simple as that.

There are probably about 100 million taxpayers that would like to see it stopped. There would be less deductions for business ex-

penses, and that would mean more taxes, and the more taxes that you fellows have to pay, the less we country boys have to pay.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. With respect to the deduction of these so-called union dues, who advised you to take that as a tax deduction?

Mr. SMITH. I don't know, sir. My office is a field office of our chain, and none of those transactions are carried out in my office.

Senator GOLDWATER. Do you have your own auditor?

Mr. SMITH. We have a set of auditors, yes.

Senator GOLDWATER. Does this auditor make out your income-tax statements or do you have an outside man come in?

Mr. SMITH. We have an outside firm of auditors.

Senator GOLDWATER. Did he advise you to take this as a business deduction?

Mr. SMITH. I have nothing to do with that, sir.

Senator GOLDWATER. Mr. Chairman, in fairness, if this item appeared in the salary column, which an auditor would probably put it in, I would think that any auditor would advise that it could be deducted as a business expense.

I don't agree that it should be, in view of the fact that some of these payments are going for people that are not even in the country. But if the 15 were in his employ, it would be proper in my opinion for him to deduct this as an income-tax deduction.

Mr. SMITH. I imagine the auditors assume, not knowing anything about the details, that it is a legitimate expense, not knowing whether those employees are in the country or not.

Senator MUNDT. There would be no argument, of course, if the people were working in your place, about the item being deductible. The question is whether or not they are working in your place.

Mr. SMITH. But the auditors wouldn't know, I don't believe, whether they were working in the store or not.

Senator MUNDT. But it would seem to me some place between Peter Pan Restaurant and the union, somebody ought to find that out.

Senator GOLDWATER. I wanted to correct one thing here. If these employees had made a written request that you deduct it from the salary, you would be in conformity with the law, but if you just take money without asking them if you can do it, you are not in conformity with the Taft-Hartley.

Mr. SMITH. Well, I was not familiar with that, Senator. I don't know.

Senator GOLDWATER. I wanted to get to this tax deduction because it is mentioned. A tax auditor, I believe, has told these people to take this as a tax deduction. I don't agree that it is a correct thing to do.

Now, does the union keep this list of people that you are supposed to pay on, or do you?

Mr. SMITH. I believe they keep the list, yes.

Senator GOLDWATER. You don't keep a list at all?

Mr. SMITH. Yes, I have a list, too.

Senator GOLDWATER. How many years have you had this Peter Pan place?

Mr. SMITH. Five years.

Senator GOLDWATER. Have you ever had your personnel department check to see that these people were still on the employee rolls?

Mr. SMITH. I don't believe I have, sir.

Senator GOLDWATER. Did it ever enter your mind that they might not be?

Mr. SMITH. I never gave much thought to it, Senator. We have a fairly large chain and we have great, a phenomenal growth in the restaurant industry.

I have been very busy to try to keep on top of all of this growth, develop it, organize it, hire personnel, develop manpower, and I have not paid too much attention to that particular thing.

Senator GOLDWATER. What form does the union request this payment in?

Mr. SMITH. They send me a statement every 3 months.

Senator GOLDWATER. And on the statement are the names of the people?

Mr. SMITH. No, there are no names on the statement, just the dues for the 3 months.

Senator GOLDWATER. Suppose they send you a bill for 20. Would you pay it instead of 15?

Mr. SMITH. No, because I know that when we bought the restaurants, and when I talked to Mr. Carson, he had told me that there were 15 members in the union for that particular store. It is the only store that we have where this situation exists, so I would remember very clearly that there were 15 members there.

Senator GOLDWATER. How long did Mr. Carson say that that contract ran?

Mr. SMITH. He didn't tell me.

Senator GOLDWATER. You just assumed that it went on in perpetuity?

Mr. SMITH. Before we took over?

Senator GOLDWATER. No, when you took over.

Mr. SMITH. I don't think I gave that any thought, Senator.

Senator GOLDWATER. Do you know if there is a signed contract in existence?

Mr. SMITH. I do not know.

Senator GOLDWATER. Have you ever asked to see a signed contract?

Mr. SMITH. No, sir, I have not.

Senator GOLDWATER. What do you think would happen if you did not pay this in a 3 months' period? What would the union do?

Mr. SMITH. I don't know.

Senator GOLDWATER. Why don't you try it? In view of what you have heard here today, wouldn't you be tempted to try it?

Mr. SMITH. I might.

Senator GOLDWATER. You don't want to be paying for a fellow in Greece.

Mr. SMITH. Do you mean the fellow that jumped the boat?

Senator GOLDWATER. Yes.

Mr. SMITH. No, I don't want to be paying for him. But on the other hand, they have asked me to bring the list up to date, which I have not done. Now, if I brought that list up to date, would that in your opinion constitute a—

Senator GOLDWATER. When did they ask you to bring it up to date?

Mr. SMITH. In April 1958, just a couple of months ago.

Senator GOLDWATER. Who asked you to bring it up to date?

Mr. SMITH. I received a letter from the union.

Senator GOLDWATER. May I ask the counsel about when you started to look into this?

Mr. KENNEDY. About January of 1958.

Senator GOLDWATER. They have requested you since the so-called heat has been put on you, they requested you to bring it up to date?

Mr. SMITH. I don't know. I don't know what motivated their actions.

Senator GOLDWATER. Something motivated them.

Mr. SMITH. No, I think they asked me once before to bring the list up to date, too.

Senator GOLDWATER. Have you ever discussed with union officials not paying this sum of money any more?

Mr. SMITH. No, I haven't talked to them.

Senator GOLDWATER. You don't have any idea what might happen?

Mr. SMITH. I have had no contact with them at all.

Senator GOLDWATER. One other thing. In your experience in Chicago, have you come across the police labor detail, of the police department?

Mr. SMITH. Have I come across them?

Senator GOLDWATER. Do you know what it is?

Mr. SMITH. Yes, I know what it is.

Senator GOLDWATER. Can you give us a little light on it?

Nobody from Chicago seems to have heard about it.

Mr. SMITH. About the Chicago Police labor department?

Senator GOLDWATER. Labor detail.

Mr. SMITH. I have read about them in the paper.

Senator GOLDWATER. What do they do?

Mr. SMITH. Well, I believe they are detailed to answer calls by businessmen who may be in trouble, either through picket lines or some other means, with union activities. I have read often in the paper that the Chicago labor detail answered the call, went to the place of business to take care of the matter.

Senator GOLDWATER. Have you ever had occasion to use them?

Mr. SMITH. No, sir.

Senator GOLDWATER. You have never come in contact with them?

Mr. SMITH. No, sir.

Senator GOLDWATER. That is all.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Who are the officers of this union? Is this the same union as the one we were taking testimony on yesterday?

Mr. KENNEDY. Yes.

Senator CURTIS. Who are the officers?

Mr. KENNEDY. Dan Leonardi is business agent. He is the one that operates the union.

Senator CURTIS. Leonardi?

Mr. KENNEDY. Yes.

Senator CURTIS. Is this the same union that dealt with Mr. Strang, mentioned in the testimony?

Mr. KENNEDY. Yes.

Senator CURTIS. That might happen to answer Senator Goldwater's question. It was Strang's testimony about slashing tires, letting off the heating oil, and cooking oil, and a secondary boycott against Borden's Dairy, the refusal to haul out the garbage, the refusal of

some garbage receiving place to accept it after he hauled it to them, and so on.

This is a payment to keep that from happening, is that right?

Mr. SMITH. I don't know.

Senator CURTIS. It seems to me that is what it is.

Mr. SMITH. You are relating this to Mr. Strang's testimony. If you will remember, sir, he was testifying about a physical strike, where pickets were in front of his restaurant.

Senator CURTIS. Yes.

Mr. SMITH. I haven't had that happen to me.

Senator CURTIS. But he refused to make the payments.

Mr. SMITH. Who refused?

Senator CURTIS. Mr. Strang.

Mr. SMITH. Whatever he said in testimony. Yes, I believe he did, yes. I don't think it was the same situation sir.

Senator CURTIS. No, you came into the business where this was going on. That is understandable. But I think there is a serious question of whether or not it would be a legitimate union, when a union is following such practices.

That is all, Mr. Chairman.

Senator CHURCH. Mr. Chairman?

The CHAIRMAN. Senator Church.

Senator CHURCH. Mr. Smith, you bring a picture here to the committee and it seems to me to consist of these components: You say in 1953 you purchased this business. You inherited a situation in which the seller had been paying on 15 memberships, once a month.

You continued to pay on 15 memberships once a month since 1953.

Mr. SMITH. That is correct.

Senator CHURCH. You testified that ever since 1953 you have not signed a union contract; you don't know what the terms of the union contract are, if, in fact, one exists; that no attempt has been made by the union to organize the other employees that work for you.

Mr. SMITH. Correction. There have been.

Senator CHURCH. But no successful attempt. That the union has had no discussions during all that period of time concerning wages, working conditions, or welfare payments; that you paid so little attention to the people for whom you were supposed to be paying these dues, that 13 out of the 15 actually had left your business; that only recently, other than one other time that you have alluded to, and several months after the committee commenced this investigation, has the union itself asked you to bring the list up to date.

And all during this period of time you have not had the kind of difficulty that Mr. Strang had. You have not had pickets, or strikes, have you, at your places?

Mr. SMITH. No, I haven't.

(At this point, Senator McClellan withdrew from the hearing room.)

Senator CHURCH. What kind of a picture does this present to this committee? It presents a very nice picture of a very cozy deal. What are you paying the 15 memberships for, when 13 of the employees of the 15 have left your business, and when you don't even know who ought to be on the list, who is covered?

Because the person from whom you bought the business in 1953 did it, is that the reason you have been making these payments?

Mr. SMITH. Well, let me explain, sir, that at that particular time, when this was explained to me, in my opinion there was nothing circumspect about the situation at all. There was nothing underhanded about it. There were no cash payments involved. A statement was sent regularly, paid by check, endorsed, receipts.

Senator CHURCH. What are you paying for? What are you making these 15 membership payments for if in the whole course of time you have not even bothered to keep the membership up as to who you are paying these payments for, if the union never enters into negotiation with you, if you don't know whether you have a union contract or not, and you seem to care less?

What are you making these payments for?

Mr. SMITH. We assumed and honored an obligation of Mr. Carson, along with many other obligations that were outstanding at the time. In my opinion, this was a minor obligation. It did not require a great deal of thought and study and time on my part. I had more important things to take care of. It sort of got lost in the shuffle.

(At this point, Senator McClellan entered the hearing room.)

Senator CHURCH. Now that you have had an opportunity to bring yourself up to date on the case, and to have this case to focus on the details, is it your intention to continue making these payments?

Mr. SMITH. I can't answer that now.

Senator CHURCH. It is not your present intention to discontinue making them?

Mr. SMITH. I will think about it, and give it some thought and consideration.

Senator CHURCH. I certainly hope you do.

Mr. SMITH. I certainly will.

Senator MUNDT. How long have you been making these payments?

Mr. SMITH. Five years.

Senator MUNDT. How long did you imagine that contract ran?

Was it a continuous commitment Mr. Carson made? Did you think it had been made for 100 years?

Mr. SMITH. I have never been told when it would end or how long it would continue. I have never been told that.

Senator MUNDT. It didn't concern you at all?

Mr. SMITH. No, it didn't, really. It didn't concern me. As I explained to the Senator there, we have a chain of 55 units in our chain. They spread from Chicago to the east coast. I am the general manager of this company. I am hopping around all the time, trying to do a good job. It is quite a tough one, if I may say so. It is a rough business, the restaurant business. I believe the mortality figures will show that it has the highest mortality rate of any business in the country. You have to be with it all the time or you will find yourself losing out. As I say, in my opinion——

Senator MUNDT. You have 55 stores, did you say?

Mr. SMITH. Yes, sir.

Senator MUNDT. Restaurants?

Mr. SMITH. Well, we have 22 Peter Pan Restaurants; we have 22 drive-in restaurants and we have 11 Aimee Joy Donut shops. One of them just opened up here in Washington a few weeks ago.

Senator MUNDT. And is this the only one on which you make these payments?

Mr. SMITH. Yes, sir; it is the only one.

Senator MUNDT. You have no idea whether you are going to have to make them as long as you live, or maybe the contract lasted only 10 years, 5 years, or 3 years? You have no idea at all about how long this commitment is going to endure?

Mr. SMITH. No, I don't, at the present moment.

Senator MUNDT. And no curiosity?

Mr. SMITH. Well, I have some curiosity now, yes.

Senator MUNDT. Didn't you know you were making the payments before you appeared before the committee?

Mr. SMITH. Yes.

Senator MUNDT. You mean you didn't know what the payments implied in that until you came before the committee?

Mr. SMITH. As I explained, we assumed an obligation of the previous owner. I honored that obligation and continued the obligation without question, after I was satisfied that there was nothing circum-spect about it in the first place.

Senator MUNDT. How did Mr. Carson explain the obligation to you?

What did he say when he got to that particular point?

Mr. SMITH. Well, he told me about this one store in which he had made a union agreement, and would I leave it the way it was and accept it and pay the dues, just as he had been doing.

Senator MUNDT. Did he explain how he happened to have an agreement with just one little store?

Mr. SMITH. No, sir.

Senator MUNDT. Coming in from the East, to the Midwest, would you have some interest as to why a man would have some——

Mr. SMITH. I didn't come in from the effete East. I come from the Wild West.

Senator MUNDT. I thought I read Boston somewhere in your name.

Mr. SMITH. Well, I get lost in Boston, but out in Chicago or California, I get around.

Senator MUNDT. Well, wherever you come from, even if you grew up on Michigan Avenue, it would seem to me you would be curious, when you buy a business, 8 units, and the fellow says "We have a commitment on 1 and we would like you to continue it."

You don't ask how long you are to continue it, but it may be as long as you live.

It seems it would be rather strange to be on 1 and not on all 8.

Mr. SMITH. Perhaps I just did not have curiosity aroused in me. We had many others at the time the negotiations for the Peter Pan Restaurant were taking place. I was still working. I didn't have enough time to delve into the intricate details of his previous arrangements and previous business experience.

I had plenty to do myself in running the business we had in existence at that particular time.

The CHAIRMAN. That is a signal for a rollcall vote in the Senate. The committee will have to be in recess for a little while, until we can vote and return. We will resume as soon as a quorum returns from the Senate Chamber.

(Brief recess.)

(At the recess, the following members were present: Senators McClellan, Church, Goldwater, Mundt, and Curtis.)

(At the reconvening of the committee, after the brief recess, the following members are present: Senators McClellan and Church.)

The CHAIRMAN. The committee will come to order.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Smith, how many employees do you have at this one Peter Pan Restaurant, where the deal was made?

Mr. SMITH. I don't know for sure, Mr. Kennedy.

Mr. KENNEDY. Approximately.

Mr. SMITH. Approximately, I imagine there are between 30 and 40.

Mr. KENNEDY. And how many do you have altogether in the Peter Pan Restaurant in Chicago?

Mr. SMITH. In Chicago?

Mr. KENNEDY. Yes.

Mr. SMITH. I would make an educated guess of about 250.

Mr. KENNEDY. 250?

Mr. SMITH. I believe.

Mr. KENNEDY. How much money do you pay each month?

Mr. SMITH. Each month?

Mr. KENNEDY. Yes.

Mr. SMITH. \$52.50.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. I want to ask Mr. Gotsch, again, about this point.

The CHAIRMAN. If you can stay a minute or two longer, you might be interested in the testimony of this next witness.

Mr. KENNEDY. I might say Mr. Smith has been very cooperative in the course of the investigation.

Mr. SMITH. Thank you.

TESTIMONY OF GERALD GOTSCH—Resumed

Mr. KENNEDY. Mr. Gotsch, have you made a study of the books and records of the Peter Pan Restaurant where the payments are made in the name of the 15 individuals?

Mr. GOTSCH. Yes, sir, I have.

Mr. KENNEDY. Can you tell us what the breakdown is as far as the employees receiving union scale wages?

Mr. GOTSCH. There are a total of 34 employees at this restaurant. There are 19 waitresses and they are nonunion. They are below union scale.

Mr. KENNEDY. All 19 are below union scale?

Mr. GOTSCH. Yes, sir. There are a total of 15 workers in the miscellaneous categories, and 1 is union. The other 14 are nonunion. The one union employee is being paid scale, but he is not being compensated for overtime as in the union contract. He works a 54-hour week.

Mr. KENNEDY. What about the others?

Mr. GOTSCH. The other 14 are being paid below scale. Excuse me. Of the employees, 3 are being paid above union scale and 11 below.

Mr. KENNEDY. What is the saving to the employer per year? How much more would he have to pay if he paid the union scale?

Mr. GOTSCH. The yearly saving is approximately \$10,900.

Mr. KENNEDY. How much is that for the kitchen employees and how much for the waitresses?

Some \$5,000?

Mr. GOTSCH. \$3,000 for miscellaneous, and the majority of them, the waitresses, would be about \$7,800.

Mr. KENNEDY. As I understand your answer to an earlier question, you never knew what the union scale would be in the first place?

Mr. SMITH. I never knew.

Mr. KENNEDY. And no one ever approached you or discussed with you whether you paid union wages?

Mr. SMITH. No, sir.

The CHAIRMAN. All right. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Marienthal.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MARIENTHAL. I do.

TESTIMONY OF GEORGE MARIENTHAL

The CHAIRMAN. State your name, your place of residence, and business or occupation.

Mr. MARIENTHAL. My name is George Marienthal. I reside at 442 Wellington Avenue, Chicago. I am coowner of the London House and Mr. Kelly's restaurant in Chicago.

The CHAIRMAN. You waive counsel, Mr. Marienthal?

Mr. MARIENTHAL. I do.

The CHAIRMAN. How long have you been in the restaurant business?

Mr. MARIENTHAL. Since 1945.

The CHAIRMAN. In this same business?

Mr. MARIENTHAL. Yes, sir.

The CHAIRMAN. At this same location?

Mr. MARIENTHAL. The London House has been in existence since 1945. Mr. Kelly's is but 3 years old.

Mr. KENNEDY. Would you bring the microphones closer, please, so we can hear you?

How many employees are at the London House?

Mr. MARIENTHAL. There are approximately 100 employees.

Mr. KENNEDY. And at Mr. Kelly's?

Mr. MARIENTHAL. About 30.

Mr. KENNEDY. In the late 1940's, Mr. Marienthal, did you understand or learn here that the union was interested in organizing your employees?

Mr. MARIENTHAL. Yes, I did.

Mr. KENNEDY. At which restaurant was that?

Mr. MARIENTHAL. The London House.

Mr. KENNEDY. What did you do after you heard that? Did they approach you?

Mr. MARIENTHAL. They approached—in the first place, when we opened up London House, and during the first 2 years of operation, the employees were hard to get. It didn't make any difference whether a man was a union employee or not. We had in quite a few instances union employees working right alongside of nonunion employees. As long as they paid their union dues to their unions, it didn't make any difference to us. We always had union bartenders.

We had a few union cooks and a few union waitresses. But as you say, at the end of 1949, the union business agents came around to our employees, particularly the miscellaneous union, and attempted to interest them in joining their union.

Mr. KENNEDY. What did you do then?

Mr. MARIENTHAL. We did everything we could to dissuade the union agents from coming around the place.

Mr. KENNEDY. You were anxious to keep your employees from joining the union, were you not?

Mr. MARIENTHAL. Yes. We had heard of other union houses and hotels who had particularly tough union contracts.

Mr. KENNEDY. Did you go, then, to the Chicago Restaurant Association?

Mr. MARIENTHAL. I have always been a member of the Chicago Restaurant Association.

Mr. KENNEDY. Did you have conversations with Mr. Kiscou, of the Chicago Restaurant Association?

Mr. MARIENTHAL. Yes, I spoke to Mr. Kiscou.

Mr. KENNEDY. About this situation?

Mr. MARIENTHAL. Yes.

Mr. KENNEDY. Would you relate what he suggested to you at that time?

Mr. MARIENTHAL. He suggested that the restaurant association had a voluntary contribution fund, where we would contribute so much per employee into a fund that was used for labor relations, attorney's fees, and to protect our restaurant in the event of a strike and so forth.

Mr. KENNEDY. Did you understand from his conversation that the money in this voluntary fund was used in order to keep the unions out of restaurants?

Mr. MARIENTHAL. Not necessarily, no. There was no assurance.

Mr. KENNEDY. I am not asking you whether there were any assurances, but that was the purpose of the voluntary fund, was it not?

Mr. MARIENTHAL. I do not know.

Mr. KENNEDY. Well, did you understand, from the conversation, that that was the purpose of the voluntary fund, to keep the unions out?

Mr. MARIENTHAL. No; I did not; no.

Mr. KENNEDY. Well, did you have any idea what the purpose of the voluntary fund was, as far as unionization of the employees?

Mr. MARIENTHAL. The voluntary fund, as I understood it, was to have funds to hire an attorney for labor relations, to help member restaurants in the event they had a strike, or had troubles.

Mr. KENNEDY. Didn't you understand, Mr. Marienthal, that one of the purposes of the voluntary fund was to prevent unionization or to keep the unions out? You understood that at that time, did you not?

Mr. MARIENTHAL. Possibly. We all felt that we did not want the unions to unionize our restaurants.

Mr. KENNEDY. I am not saying that there is anything wrong with it. All I am saying is that, at that time, you understood the voluntary fund was for this purpose. Isn't that correct?

Mr. MARIENTHAL. That was one of the purposes.

Mr. KENNEDY. Did you then decide to contribute, when you started having these difficulties? Did you then decide to contribute to the voluntary fund?

Mr. MARIENTHAL. Yes, sir.

Mr. KENNEDY. And you started at this time; is that right?

Mr. MARIENTHAL. Yes, sir.

Mr. KENNEDY. In 1950, did a picket line appear in front of your restaurant, the London House?

Mr. MARIENTHAL. I believe that was the date; yes.

Mr. KENNEDY. Then did you get in touch with Mr. Kiscaw?

Mr. MARIENTHAL. Yes; I did.

Mr. KENNEDY. Then did he in turn get you in touch with Mr. Teitelbaum?

Mr. MARIENTHAL. Yes; he did.

Mr. KENNEDY. Did Mr. Teitelbaum come out to your restaurant?

Mr. MARIENTHAL. I don't recall whether he came out to our restaurant or whether he handled the transactions from his office. I do not know that.

Mr. KENNEDY. What steps were taken then, after Mr. Teitelbaum was brought in on the scene?

Mr. MARIENTHAL. I do not know what steps Mr. Teitelbaum took, other than the fact that the pickets were removed from our restaurant before the end of the day.

Mr. KENNEDY. Mr. Teitelbaum came in, and the picket line disappeared on that same day; is that right?

Mr. MARIENTHAL. The picket line disappeared.

Mr. KENNEDY. Did you learn, subsequently, any of the steps that Mr. Teitelbaum had taken to get the picket line removed?

Mr. MARIENTHAL. Some time later I was requested to submit names of about 40 employees, something around that, to Mr. Teitelbaum, and found out that he had agreed to pay the dues on this number of employees.

Mr. KENNEDY. Did you understand that he had already paid some of the dues on the employees?

Mr. MARIENTHAL. I do not know whether he had already paid it, or whether he did it at the time I gave him the names.

Mr. KENNEDY. What steps did you take then? Did you give him the 40 employees, the names of 40 employees?

Mr. MARIENTHAL. Yes; I did. I picked 40 names at random and gave them to him.

Mr. KENNEDY. Then who paid the initiation fees and dues on those 40 employees?

Mr. MARIENTHAL. As far as I know, they were paid by Mr. Teitelbaum's office.

Mr. KENNEDY. They were not paid by you?

Mr. MARIENTHAL. They were not paid by me.

Mr. KENNEDY. And they were not paid by the employees?

Mr. MARIENTHAL. They were not paid by the employees.

Mr. KENNEDY. Were the employees ever informed that they were, in fact, made members of the union?

Mr. MARIENTHAL. They possibly were, indirectly. There was no direct notification given to the employees, either by ourselves or by the unions.

Mr. KENNEDY. How long did Mr. Teitelbaum continue to pay this money, that you know of?

Mr. MARIENTHAL. I would only be guessing, but I know it was, perhaps, quite a few months.

Mr. KENNEDY. Why did it cease?

Mr. MARIENTHAL. I can't answer that. My only recollection is that the union agents came to me and said they were not getting their money from Mr. Teitelbaum, and what was I going to do about it; that they were tired of getting the runaround from Mr. Teitelbaum's office.

Mr. KENNEDY. So, what did you do?

Mr. MARIENTHAL. I called Mr. Teitelbaum's office, and I was promised that he would take care of it. He also called the restaurant association office, and they said that they would call Mr. Teitelbaum.

Mr. KENNEDY. Whom did you talk with in the restaurant association?

Mr. MARIENTHAL. Mr. Kiscan.

Mr. KENNEDY. He said that he would contact Mr. Teitelbaum about it?

Mr. MARIENTHAL. He said that he would contact Mr. Teitelbaum about the trouble we were having. There was no mention——

Mr. KENNEDY. Didn't you mention to him that Mr. Teitelbaum was not paying the dues?

Mr. MARIENTHAL. I don't recall that, sir.

Mr. KENNEDY. Well, didn't you describe to him what the difficulty was and why the business agents were getting in touch with you?

Mr. MARIENTHAL. No, other than the fact that they were still being bothered by the union agents, and Mr. Teitelbaum could not be located, and would Mr. Kiscan assist in locating Mr. Teitelbaum to answer to the union agents.

Mr. KENNEDY. You never discussed the fact at all about the dues with Mr. Kiscan?

Mr. MARIENTHAL. I don't think so.

Mr. KENNEDY. All right. Then, what occurred after that?

Mr. MARIENTHAL. I had several conversations with Mr. Teitelbaum, and he mentioned that he was in quite a bit of trouble and was busy and financially embarrassed, and asked me to pay these dues that he had been paying, and he would reimburse me at his earliest convenience.

Mr. KENNEDY. So, did you start paying the money, yourself?

Mr. MARIENTHAL. I paid the dues for a matter of a couple of months.

Mr. KENNEDY. When was this?

Mr. MARIENTHAL. I don't recall the date.

Mr. KENNEDY. What did you do then? Did you send him a bill for the dues that you had paid?

Mr. MARIENTHAL. At his request, after a conversation that I had had, I sent him an itemized statement showing the amount of money that I had advanced to the unions that he had promised to reimburse me.

The CHAIRMAN. Did you write him a letter about it?

Mr. MARIENTHAL. I believe I did, sir.

The CHAIRMAN. Is this a copy of the letter that you wrote him?

(The document was handed to the witness.)

Mr. MARIENTHAL. Yes; it is.

The CHAIRMAN. That letter may be made exhibit No. 19.

(The document referred to was marked "Exhibit No. 19" for reference and will be found in the appendix on p. 12860.)

The CHAIRMAN. The letter is dated May 1, 1952. In the letter you state:

I am enclosing receipt for payments made to the Waitress and Cooks Union totaling \$587 in accordance with our conversation. I would appreciate a check as soon as possible.

Is that what you wrote him?

Mr. MARIENTHAL. Yes, sir.

The CHAIRMAN. All right.

(At this point, Senator Mundt entered the hearing room.)

Mr. KENNEDY. What happened after that? Did he send you the check for \$587?

Mr. MARIENTHAL. I don't believe I did; no, sir.

Mr. KENNEDY. So, what did you start doing then?

Mr. MARIENTHAL. I finally decided I was not going to get the money from Mr. Teitelbaum, and the unions were insisting upon their money each month. We officially enlisted our employees into the union and notified them that they would be paying their own union dues from that time on.

Mr. KENNEDY. You brought the employees into the union yourself, then? You said, "We officially"—

Mr. MARIENTHAL. We officially told the employees. I shouldn't say the employees. I should say the waitresses and the miscellaneous workers. There were several, about a half dozen, cooks and one pantry girl that had been in our employ for quite a number of years, and we paid their dues.

Mr. KENNEDY. Did you consider that part of your job, part of your responsibilities, to bring these people into the union, to tell them that they should start deducting dues from their salaries?

Mr. MARIENTHAL. I had no other choice. They were already union members.

Mr. KENNEDY. Did you start then deducting dues from their salary?

Mr. MARIENTHAL. Yes; I did.

Mr. KENNEDY. Did you increase their salary to make allowance for the dues that were being deducted at that time?

Mr. MARIENTHAL. We had always paid union scales or higher. Whether I increased it, I perhaps had increased it in several instances, but I don't think it was general.

Mr. KENNEDY. In other words, what it meant, as far as the individual employees were concerned, meant actually a reduction in wages, did it not, once the dues were deducted from their salaries?

Mr. MARIENTHAL. Yes; I would say so.

Mr. KENNEDY. Did you continue to pay into the voluntary fund?

Mr. MARIENTHAL. I don't believe I did; no, sir.

Mr. KENNEDY. Why did you quit the voluntary fund?

Mr. MARIENTHAL. I quit at that time because I did not feel that I needed any further labor counsel.

Mr. KENNEDY. That they weren't performing the task that they were supposed to?

Mr. MARIENTHAL. But I will say that, at a later date, I did resume contributing to the voluntary fund in a group of unionized restaurants under the association.

Mr. KENNEDY. Is Mr. Kelly's restaurant union or nonunion?

Mr. MARIENTHAL. That is a union restaurant.

Mr. KENNEDY. That is union?

Mr. MARIENTHAL. Yes; it is.

Mr. KENNEDY. And London House; is that union?

Mr. MARIENTHAL. Both places are practically 100-percent union.

Mr. KENNEDY. Did you leave the voluntary association at that time, or discontinue contributing to the voluntary fund at that time, because they had not been able to produce what you expected them to produce?

Mr. MARIENTHAL. Not necessarily; no. I think, in all fairness to the association, and Mr. Teitelbaum and the other attorneys that the association had, they did the best job they could do under the circumstances.

Mr. KENNEDY. But they obviously did not produce what you expected. You quit at the same time you started making the payment yourself? Wasn't that the reason that you quit?

Mr. MARIENTHAL. I quit, perhaps, because I was not happy with the fact that I became a union house.

Mr. KENNEDY. And you had expected the voluntary fund to prevent that, had you not?

Mr. MARIENTHAL. Well, I had not been promised that, although I would have been happy had it been that way.

Mr. KENNEDY. Well, I will not say promised. You had expected it?

Mr. MARIENTHAL. That is correct.

The CHAIRMAN. You got into the union when you were paying to stay out of the union, but they arranged to get you into the union?

Mr. MARIENTHAL. That is correct, Senator; yes.

The CHAIRMAN. You got in there before you knew it.

Mr. MARIENTHAL. That is right.

The CHAIRMAN. You were hooked and had not felt it until the fellow quit paying the dues; is that right?

Mr. MARIENTHAL. That is correct.

The CHAIRMAN. Then it fell upon you. So, in turn, then, you just put your employees into the union?

Mr. MARIENTHAL. In turn, then, I felt I would make the most of it and be a good union house.

The CHAIRMAN. And you began to take the money out from their wages?

Mr. MARIENTHAL. That is right.

The CHAIRMAN. So, your employees did not join the union voluntarily, did they?

Mr. MARIENTHAL. Well, there would be some question there. The union agent said that they had X numbers of employees signed up.

The CHAIRMAN. Your employees never came to you and said, "We want to join a union"?

Mr. MARIENTHAL. Never.

The CHAIRMAN. You never had that expression?

Mr. MARIENTHAL. No, sir.

The CHAIRMAN. So they got into the union without their knowledge and consent in the first place; is that correct?

Mr. MARIENTHAL. That is correct.

The CHAIRMAN. Or, rather, should I say you got them in the union, or those representing you, your association and its lawyer Teitelbaum, got your employees into the union, when you were trying to keep them out; is that correct?

Mr. MARIENTHAL. I had no objections at any time to them belonging to the union. My only objection was that we did not want to be a union house.

The CHAIRMAN. If they got into the union, you would be a union house; wouldn't you?

Mr. MARIENTHAL. That is correct.

The CHAIRMAN. And it amounts to the same thing; doesn't it? You can say the same thing either way; can't you?

Mr. MARIENTHAL. Except we always had some union employees.

The CHAIRMAN. Here is the only thing about it. In the first place, you did not want your place organized. You joined this restaurant association and paid the voluntary contribution to that fund; isn't that correct?

Mr. MARIENTHAL. I paid a contribution to the fund so that I could be properly represented for good labor relations.

The CHAIRMAN. But you wanted to be represented to keep out of a union?

Mr. MARIENTHAL. If possible; yes.

The CHAIRMAN. If possible.

Mr. MARIENTHAL. Yes.

The CHAIRMAN. So the first thing you know, the fellow who is representing you, or the attorney for the association, had gotten you into the union.

Mr. MARIENTHAL. There is no doubt about it.

The CHAIRMAN. And you were in there before you knew it.

Mr. MARIENTHAL. That is right.

The CHAIRMAN. And then when the burden fell upon you to either keep up those dues or have trouble with the union, you turned on the employees and put them in and began deducting their salaries; isn't that correct?

Mr. MARIENTHAL. That is right.

The CHAIRMAN. That is, deducting their dues. Do you call that voluntary unionism?

Mr. MARIENTHAL. No.

The CHAIRMAN. I don't either.

Senator MUNDT. Mr. Chairman?

The CHAIRMAN. Senator Mundt.

Senator MUNDT. What reaction did you get from the employees when you called them in and told them they were about to become union members?

Mr. MARIENTHAL. As I stated before, we continued to pay the union dues for about 6 key employees—cooks and 1 pantry girl—that had been with us for a long time. Those are the only ones that I would have had any objection from. The others did not object. They made no comment whatsoever.

Senator MUNDT. That was to them a reduction of net take-home pay?

Mr. MARIENTHAL. Yes; that is correct.

Senator MUNDT. They did not object to that?

Mr. MARIENTHAL. They might have volunteered a question of "What is this all about?" They got their receipts for their union dues, and the union agent came to our office, and during the succeeding months or year, duly informed them of their union membership, and had them sign the necessary papers, and so forth.

Senator MUNDT. At the time you called them in and said, "Now, we have been getting along fine. You have been getting satisfactory pay. Everybody seems to be happy.

"But I have some rather bad news for you. You are going to have to belong to the union. You are going to have to pay your dues. You will get a reduction in pay, with less take-home money for your family."

Didn't any of them say, "Well, we are kind of satisfied the way it is. We don't want to belong to a union."

Mr. MARIENTHAL. Yes. They had no choice. I had no choice.

Senator MUNDT. In other words, they were really being forced into the union by, let's say, circumstances over which they had no control and perhaps over which you had no control, but they were being forced into the union to their own detriment, because they were getting not higher pay as a consequence of union membership but actually getting less take-home pay than they were getting before the bad news broke; is that correct?

Mr. MARIENTHAL. That is correct, sir.

The CHAIRMAN. Senator Church?

Senator CHURCH. Mr. Marienthal, you testified that the first time you had troubles, Mr. Teitelbaum came out and that the picket line was withdrawn, and that you later learned that Mr. Teitelbaum had made an arrangement with the association and the union, or Mr. Teitelbaum had made the arrangement, and you were to pay, or he was to pay, for 40 memberships.

And when he advised you of this, he asked you for a list, and I believe you testified that you selected 40 names at random; is that correct?

So it was acceptable to you, the arrangement which he had made which resulted in the removal of the picket line, that was acceptable to you even though it involved 40 union memberships, providing that he pay the dues. That was your first understanding, wasn't it?

It was acceptable to you, because you then proceeded to give him the 40 names he asked for; is that not right?

Mr. MARIENTHAL. Yes. As I could see it or understand it, he made the best possible arrangement he could.

Senator CHURCH. Under the terms of that arrangement it was your understanding that he was going to pay the dues and you were going to furnish the names at random?

Mr. MARIENTHAL. I did not have that understanding. I did not know how or by what means he removed the pickets.

Senator CHURCH. At that time, you did not understand that you were to pay them?

Mr. MARIENTHAL. I knew nothing about any dues-paying at the time. The pickets were removed.

Senator CHURCH. All you knew was that you were to furnish them the 40 names?

Mr. MARIENTHAL. That came at a later time.

Senator CHURCH. Then later, too, it developed that he was paying the dues, and when he failed to pay the dues, you had to pick up the five-hundred-and-eighty-some-odd-dollar tab, did you not?

Mr. MARIENTHAL. Yes.

Senator CHURCH. Then when it became apparent that he was not going to pay the dues any longer, you began deducting the dues from the 40 employees that you had selected at random?

Mr. MARIENTHAL. That is correct; yes.

Senator CHURCH. That is correct. What local were you dealing with?

Mr. MARIENTHAL. Well, the two locals that I remember best are the waitresses union and the miscellaneous union.

Senator CHURCH. Do you remember the numbers of those locals?

Mr. MARIENTHAL. I remember the miscellaneous is 593. I don't recall the waitresses.

Mr. KENNEDY. Eighty-eight.

Senator CHURCH. Locals 88 and 593?

Mr. MARIENTHAL. Local 484.

Senator CHURCH. Very well, I will accept that; 484.

Tell me, after you began deducting, after you had become a union shop and accepted as such, and began to deduct these memberships for these dues each month for the 40 members you selected, and after you advised the members that the deductions were to be made henceforth, did you have any further troubles with picket lines?

Mr. MARIENTHAL. No, sir.

Senator CHURCH. Have you ever had any further trouble with picket lines?

Mr. MARIENTHAL. No, sir.

Senator CHURCH. Did you enter into a contract, a union contract, with these locals?

Mr. MARIENTHAL. We were under a blanket contract that I perhaps signed the power for under the restaurant association contract, which was the last contract we have had from the unions, which is now at least several years old.

Senator CHURCH. The contract is at least several years old. Can you give us an idea of how many years old it is?

Mr. MARIENTHAL. I believe the last contract was 1955.

Senator CHURCH. 1955. Have there been any further negotiations?

Have these locals negotiated with you about wages or working conditions for any of these employees since?

Mr. MARIENTHAL. No, sir.

Senator CHURCH. Are you still continuing this arrangement?

Mr. MARIENTHAL. What arrangement do you refer to?

Senator CHURCH. Do you still make deductions for 40 employees and pay these locals?

Mr. MARIENTHAL. We have upward of over 100 employees now, and they are all union, with the exception of a very few. Hostesses and cashiers are not union. All our waitresses, waiters, cooks, bartenders, and miscellaneous workers are unionized. We are what is considered a union restaurant in Chicago.

Senator CHURCH. Are you paying union scale?

Mr. MARIENTHAL. We are paying, to the best of my knowledge, union scale or more in all instances.

Senator CHURCH. To the best of your knowledge you are paying union scale. Do you know what the union scale is?

Mr. MARIENTHAL. I am not up on every bit of it. I could volunteer pretty well, knowing what we are supposed to pay a cook and what we are supposed to pay a waitress and a waiter, as there have not been any changes in several years.

I know what to pay a bartender. I am sure that our payroll, which I do not examine on every person and every bit, I only get gross figures on the payroll each week—

Senator CHURCH. To the best of your knowledge and information, you are paying union scale or better; is that correct?

Mr. MARIENTHAL. Yes, definitely.

The CHAIRMAN. How much do you pay your waitresses?

Mr. MARIENTHAL. My waitresses, I believe, get 66 or 67 cents an hour.

The CHAIRMAN. Does that amount to at least \$5.30 a day?

Mr. MARIENTHAL. Yes. I think that is a division of that divided by 8.

The CHAIRMAN. You are unionized, all except a very few of your employees. Your waitresses are unionized?

Mr. MARIENTHAL. Waitresses and waiters.

The CHAIRMAN. You pay an hourly wage that equals the union scale of \$5.30 a day?

Mr. MARIENTHAL. Yes, sir.

The CHAIRMAN. If you could pay those waitresses \$3 a day, you would be saving money, wouldn't you?

Mr. MARIENTHAL. Yes, sir.

The CHAIRMAN. We had some other testimony here from another operator, a Mr. Carson, another restaurant operator, who claimed that there was not any particular savings in the \$3 a day.

Mr. MARIENTHAL. My arithmetic shows me that 3 from 5 is 2.

The CHAIRMAN. It shows me the same thing, plus 30 cents. It is \$5.30. So the union contract—I assume this is the same union.

Well, I was trying to rationalize his theory that there was actually no saving in his \$3 a day for waitresses and the union scale of \$5.30 a day.

If you only had to pay under that contract or if you could avoid paying a full union scale and only pay \$3 a day, you would make a saving of \$2.30 a day on each waitress you have, wouldn't you?

Mr. MARIENTHAL. That is right.

The CHAIRMAN. Your competitor or some of your competitors are making that saving, are they not?

Mr. MARIENTHAL. Yes, they are.

The CHAIRMAN. And the waitresses are all in the same union or the shops in the same union?

Mr. MARIENTHAL. Well, let's say that the city of Chicago is a large city.

The CHAIRMAN. Let's say the waitresses in the other place are not in the same union, though the same union does have a contract or an arrangement whereby they pay on so many employees.

I guess that is to leave the waitresses alone and not organize them. I mean that is the way it looks on the face of it. I don't see why the same local, the same union, would be interested in going over and organizing and collecting dues from your waitresses and requiring you to pay \$5.30 a day, and then go into a restaurant who is a com-

petitor of yours and only organize a part, or have the management organize for them a part of its employees, and pay so much, deducting it out of the business, and not taking it out of the wages of the employee, and pay that in each month for the privilege of not having that waitress group organized, so they can escape the paying of \$2.30 a day for each waitress that they would have to pay under the union scale.

Is that the way this thing is operating?

Mr. MARIENTHAL. I really don't know.

The CHAIRMAN. You know how it has operated against you.

Mr. MARIENTHAL. I know by my own problems and what we pay.

The CHAIRMAN. You heard the testimony of one of your competitors in the same area, didn't you?

Mr. MARIENTHAL. He is not in the same area and he is not a competitor.

The CHAIRMAN. He is not a competitor?

Mr. MARIENTHAL. No, sir.

The CHAIRMAN. I thought any two businesses in the same line were competitive.

Mr. MARIENTHAL. His businesses are located 5 to 10 miles away.

The CHAIRMAN. What else about them?

Mr. MARIENTHAL. They are different type restaurants.

The CHAIRMAN. What types are yours?

Mr. MARIENTHAL. We specialize in steaks and good entertainment, and we are located in the business area.

The CHAIRMAN. According to his testimony, where you specialize in high-priced food, and you get the customers that patronize such places, he said that at some places the waitresses are paid even less than \$3, and just \$1 a day because their tips are so much better.

Mr. MARIENTHAL. I have heard stories like that, too, but I would not know.

The CHAIRMAN. It has not happened to you?

Mr. MARIENTHAL. I have heard of some people paying to get jobs in places.

The CHAIRMAN. But it has not happened in your case?

Mr. MARIENTHAL. No, sir.

The CHAIRMAN. Is there anything further?

Senator Church.

Senator CHURCH. Mr. Marienthal, you have indicated that your restaurant is the kind where generous tips would be given. That is, it is a restaurant that specializes in steaks and provides entertainment, so that tipping represents a substantial part of the waitress' pay, does it not? Her compensation that she gets?

Mr. MARIENTHAL. Yes. I would say my waitresses make perhaps as much or more than waitresses in any other establishment in the city.

Senator CHURCH. They make their tips, and in addition you are paying them union scale, 67 cents an hour?

Mr. MARIENTHAL. That is correct; yes, sir.

Senator CHURCH. For a comparable, competitive restaurant business in your area, wouldn't it be a great competitive advantage if, in your area, a similar type restaurant were able, by virtue of one of these cozy arrangements with a local union, to pay dues on 15 members each month and in return not have their waitresses organized, so that they only have to pay \$3 a day?

Wouldn't that give them quite a competitive advantage on you?

Mr. MARIENTHAL. I would say so.

Senator CHURCH. I would say so, too. So I think that we have a factor here that not only goes to legitimate representation of the interest of the waiters and waitresses, but also goes to the legitimate interests of business.

Therefore, I think the inquiry is relevant in the direction of both objectives of this committee, as to improper practices in the field of both labor and management. I think your testimony has been very helpful today.

Mr. MARIENTHAL. I might add that in spite of our union scales and high tips, we still find it difficult to get good employees. We also have a profit-sharing system in our restaurant, where our employees get 15 percent of our payroll each year.

Senator CHURCH. Is that the result of the union contract?

Mr. MARIENTHAL. No, the unions have nothing to do with it.

Senator CHURCH. That is something you have offered your employees.

Mr. MARIENTHAL. In fact, I had trouble getting the plan approved by the Treasury Department because of the fact that we are a union house. But finally they approved it, as long as all employees of all classes were included.

Senator CHURCH. Thank you very much.

Mr. KENNEDY. Just how much was being paid at the time? Back in 1949 or 1950? How much was being paid by Mr. Teitelbaum and then by you?

Mr. MARIENTHAL. How much?

Mr. KENNEDY. For these dues payments. How much was involved?

Mr. MARIENTHAL. I really don't know. The dues, if I can guess, were about \$3 a month per employee.

Mr. KENNEDY. And how many members were there, about 140 employees?

Mr. MARIENTHAL. About 40, I think.

Mr. KENNEDY. So it was about \$120 a month being paid to the union?

Mr. MARIENTHAL. That would be purely a guess on my part.

Mr. KENNEDY. Approximately \$120 a month.

Mr. MARIENTHAL. I think in that letter I wrote \$587 was a period of 3 months.

Mr. KENNEDY. And that lasted for a period of about a year and a half, did it?

Mr. MARIENTHAL. I don't recall the dates, sir.

Mr. KENNEDY. Until about July of 1952?

Mr. MARIENTHAL. I think so. You can check the record on that.

Mr. KENNEDY. Well, about a year and a half, according to our records.

The CHAIRMAN. Are there any further questions?

If not, thank you very much.

The committee will stand in recess until tomorrow morning at 10 o'clock, and we will resume hearings at that time in the caucus room.

(At the recess the following members were present: Senators McClellan, Church, and Mundt.)

(Whereupon, at 4:40 p. m. the hearing recessed, to reconvene at 10 a. m., Thursday, July 10, 1958.)



INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, JULY 10, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, United States Senate, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Democrat, North Carolina; Senator Frank Church, Democrat, Idaho; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, South Dakota, and Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; John J. McGovern, assistant counsel; LaVern J. Duffy, investigator; James P. Kelly, investigator; James Mundie, investigator; and Ruth Young Watt, chief clerk.

(At the reconvening of the committee, the following members were present: Senators McClellan, Curtis, and Goldwater.)

THE CHAIRMAN. The committee will come to order.

MR. KENNEDY. Mr. Chairman, we have had some background information and evidence presented on the various restaurant unions, in Chicago, and also some background information on the restaurant association and some information, testimony yesterday afternoon, on the purpose of the restaurant association, with particular emphasis on the voluntary fund of the restaurant association.

Today for the first two witnesses, I would like to develop some more information regarding the activities of the restaurant association. For that purpose I would like to call for the first witness Mr. Ralph J. Gutsell.

THE CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

MR. GUTSELL. Yes, sir.

TESTIMONY OF RALPH J. GUTSELL

THE CHAIRMAN. State your name, your place of residence, and your business or occupation.

MR. GUTSELL. My name is Ralph J. Gutsell. My residence is 1208 Douglas, Illinois, and I am an attorney at law.

The CHAIRMAN. I assume you waive counsel?

Mr. GUTSELL. Yes.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been a practicing attorney?

Mr. GUTSELL. I have been practicing since the fall of 1916.

Mr. KENNEDY. Mr. Gutsell, did you do some work for the restaurant association in Chicago?

Mr. GUTSELL. I did, sir.

Mr. KENNEDY. When did you begin that?

Mr. GUTSELL. I was employed by the restaurant association in Chicago in November of 1954.

Mr. KENNEDY. How long did you remain with them?

Mr. GUTSELL. I remained with them until October of 1955.

Mr. KENNEDY. Could you tell us what you had to do with the strike that took place in the Nantucket Restaurant?

Mr. GUTSELL. Well, the strike of the Nantucket Restaurant arose after I had completed the full negotiations for the union restaurants of Chicago, and had a contract agreed upon, and right after that, I would say about a month or so after that, the Nantucket Restaurant problem came up in this way—if you want me to go on and tell you.

Mr. KENNEDY. Please do.

Mr. GUTSELL. I was called by the union office, Mr. Cullerton who is the president.

Mr. KENNEDY. Mr. James Cullerton?

Mr. GUTSELL. John Cullerton, I believe it is. Isn't it?

Mr. KENNEDY. John, yes.

Mr. GUTSELL. And he stated that they had been organizing the help at the Nantucket Restaurant, and then he had cards signed by the individual workers, and that they had a majority of them, and wanted to know whether I represented the Nantucket Restaurant. I said I was still the attorney for the restaurant association, and I stated I thought I was.

So he suggested that I come and look at the cards, which I did. As I remember them, or at least my count was that he had 19 names on cards.

Mr. KENNEDY. Out of how many employees?

Mr. GUTSELL. Out of how many? Well, I understood there were 30 employees in the restaurant.

Mr. KENNEDY. So it would appear that he had a majority of the employees signed up?

Mr. GUTSELL. The union so claimed that they had a majority.

Mr. KENNEDY. And at least he showed you the cards that they did have, is that right?

Mr. GUTSELL. Yes, sir.

Mr. KENNEDY. And indicated that they were true cards and that they had a majority of the employees signed?

Mr. GUTSELL. He so stated. He wanted to know what I was going to do about it, and I stated I would confer with Mr. Reade, the owner of the Nantucket Restaurant. That evening I drove over to Mr. Reade's restaurant and had dinner there at the restaurant, and so advised Mr. Reade of what I had just told you about the talk with Mr. Cullerton.

I said that they claimed that "they have a majority of your employees. I have no way of verifying the names. I do not know your

employees. But you certainly could find that out quickly. Mr. Cullerton has indicated that he would send someone out with the cards or you could go down to the place and examine them."

Mr. KENNEDY. Mr. Cullerton was not trying to keep the cards secret or quiet?

Mr. GUTSELL. No; he was not.

Mr. KENNEDY. He said he would be glad to have the cards examined with the signatures?

Mr. GUTSELL. Yes, sir. And with that, Mr. Reade said to me, he said, well, he was satisfied that they had contacted some of his employees, because he had noticed the representatives of the union talking to the employees coming and going from his place of business. Outside of that, that is as far as he stated, whether they had a majority or whether they did not have a majority.

Mr. KENNEDY. Did you feel at that time that what Mr. Cullerton told you was correct, that the Nantucket Restaurant should go ahead and sign a contract?

Mr. GUTSELL. I didn't quite understand you.

Mr. KENNEDY. Did you feel that what Mr. Cullerton said was correct, that the Nantucket Restaurant should then go ahead and sign a contract?

Mr. GUTSELL. Well, I felt that they should. During all the time that I represent the restaurant, I could see the situation that the chairman pointed out clearly, where we were drifting into a situation where the union was trying to get the majority of the employees signed up, or they would make a survey of the restaurant. But they would reach a place where they could not operate any further because they had no way of forcing the employer to unionize the restaurant, if they did have the majority of the people working there. Their only redress, apparently, was to put the pickets out.

Mr. KENNEDY. Did they then put pickets out?

Mr. GUTSELL. Yes, sir.

Mr. KENNEDY. And Mr. Reade refused to recognize the union?

Mr. GUTSELL. That is correct.

Mr. KENNEDY. Did you have some conversations or discussions with Mr. Kiscaw, head of the restaurant association?

Mr. GUTSELL. I did, sir. After my contact with the union office, and my contact with Mr. Reade at the restaurant, I advised Mr. Kiscaw that I would be unable to do anything for Mr. Reade in the way of keeping the pickets off of his restaurant.

Mr. KENNEDY. Did you tell him that Mr. Cullerton indicated that he had a majority of the employees signed up?

Mr. GUTSELL. I did, sir.

Mr. KENNEDY. Was he interested in that?

Mr. GUTSELL. Well, he didn't demonstrate it to me.

Mr. KENNEDY. So the union was ultimately forced to place pickets in front of the Nantucket Restaurant?

Mr. GUTSELL. Yes, sir.

Mr. KENNEDY. What was your role after that?

Mr. GUTSELL. I was charged—at least, they fired me the day that the pickets went on.

Mr. KENNEDY. Why did they fire you?

Mr. GUTSELL. Well, when I was employed, Mr. Chairman, I signed a letter stating, or an agreement between us, that they could revoke

my services in 30 days. It was sort of a general understanding when the pickets went on the place that I was through as the attorney for the association. I was primarily hired to negotiate the contract with the union restaurants.

Mr. KENNEDY. Your role, then, was just to have the pickets removed or not allow pickets, and when you were not able to do that, the restaurant association fired you?

Mr. GUTGSELL. That was the net result; yes, sir.

Mr. KENNEDY. What was the restaurant association interested in?

Was it interested in just preventing unionization of the restaurants, the members, the membership?

Mr. GUTGSELL. Well, Mr. Kennedy, it seemed to me that they had sort of a dual setup. One portion of the restaurant association certainly was interested in not having the restaurants unionized, while the union people naturally wanted to remain as union restaurants. So I would say that a portion of them certainly were against unionizing the restaurants.

Mr. KENNEDY. What proportion were union and what nonunion?

Mr. GUTGSELL. That was never disclosed to me, Mr. Kennedy.

But I understand, from hearsay and what have you, that the majority of them were nonunion.

Mr. KENNEDY. And were the nonunion people paying into a so-called voluntary fund?

Mr. GUTGSELL. I was so advised; yes, sir.

Mr. KENNEDY. And the purpose of that voluntary fund was to avoid unionization?

Mr. GUTGSELL. That is correct.

Mr. KENNEDY. And this was to avoid unionization not only where the union acted improperly, but in a case such as this where they had a majority of the employees signed up?

Mr. GUTGSELL. That is right.

Mr. KENNEDY. And you were fired because you could not do that?

Mr. GUTGSELL. That's not the statement that came out in the press, but that I am sure was the reason.

Mr. KENNEDY. But shortly after the picket line came out, you were fired, were you not, by the restaurant association?

Mr. GUTGSELL. Yes, sir.

Mr. KENNEDY. They felt you were not able to serve them as Mr. Teitelbaum had served them, and Mr. Champaign, who was the associate of all of these gangsters and hoodlums in Chicago?

Mr. GUTGSELL. Yes, sir.

Mr. KENNEDY. They wanted an individual such as that?

Mr. GUTGSELL. Well, apparently they didn't want me.

Mr. KENNEDY. Do you know Tony Accardo and Paul "The Waiter" Ricca?

Mr. GUTGSELL. No, sir; I don't know the gentlemen.

Mr. KENNEDY. And you were not the attorney for Al Capone?

Mr. GUTGSELL. Never in my life.

Senator CURTIS. Mr. Chairman.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Mr. Gutgsell, you have been practicing labor law for some time?

Mr. GUTGSELL. I have had some experience in that, yes, with one client.

Senator CURTIS. Does a citizen have a right to oppose unions?

Mr. GUTSELL. Sir?

Senator CURTIS. Does a citizen have a right to oppose unions?

Mr. GUTSELL. I would think that they have some right to do that; yes.

Senator CURTIS. Yes. He has just as much right to oppose or favor.

Mr. GUTSELL. Yes. I believe Mr. Reade had his rights under the circumstances.

Senator CURTIS. I am asking you hypothetically. Does an employee have a right to oppose unions?

Mr. GUTSELL. Would you say that again, please?

Senator CURTIS. Does an employee have a right to oppose unions?

Mr. GUTSELL. I would say that they did have.

Senator CURTIS. And if they have a right to do so, every right should be protected; isn't that correct?

Mr. GUTSELL. That is correct. I think you have to specify it a little more than that. I think if an employee is employed in an industry or a place where it is 90 percent unionized, I think he either ought to join the union or not work there. I mean, I think it either should be one or the other. I think it should be nonunion or union.

Senator CURTIS. You mean as a practical proposition you say that?

Mr. GUTSELL. Yes, sir.

Senator CURTIS. But as a legal proposition, anyone has a right to oppose any organization they want to.

Mr. GUTSELL. Well, I would go along with that; yes.

Senator CURTIS. And an employer has a right to oppose unions?

Mr. GUTSELL. I would say so; yes.

Senator CURTIS. And he is not in violation of law because he does that.

Mr. GUTSELL. I think they should have in the State of Illinois something similar as I understand exists in the State of New York, that they should have a fair labor relations law, and then everybody can take their grievances and have a fair and impartial decision of whether the particular business should be union or nonunion.

Senator CURTIS. I was asking you an abstract question, not applying to the Chicago situation at all. But I wanted the record to show that at least it is my opinion that it is not a violation of law for someone to oppose any particular organization that he chooses.

Mr. GUTSELL. I have to go along with you on that, Senator.

Senator CURTIS. He could oppose the Chamber of Commerce or anybody else that he wants to.

Mr. GUTSELL. That is right.

Senator CURTIS. Were at least part of these unions that were negotiating with restaurant owners in Chicago dominated by an element of hoodlums or similar type people?

Mr. GUTSELL. Well, in my regime I didn't see any evidence of it.

Senator CURTIS. No; I am asking you just as a citizen of Chicago and what you observed.

Mr. GUTSELL. Well, all I know, really, about that is what I read in the papers. I have no general knowledge of the hoodlum element. I have no concrete proof that any of them are hoodlums.

Senator CURTIS. I think the committee here has established quite a record in that regard in identifying the leaders of some of these unions.

Mr. GUTGSELL. I was quite impressed during the last couple of days at that; yes, sir.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Mr. Gutgsell, as an attorney, is it your opinion that the action that Mr. Reade took in effect refusing to recognize this union in violation of section 8 (a) 1 of the Taft-Hartley?

Mr. GUTGSELL. No; I do not, because I think that that implies interstate business, and this is purely an intrastate business.

I don't believe the Taft-Hartley law applied. As a matter of fact, Senator Goldwater, that seems to be the complaint of the union people that I contacted with, that they had no law that would adequately answer their problem, once they felt that they had a majority of the place organized.

Senator CURTIS. Let's assume that this restaurant was in interstate commerce. Then do you feel Mr. Reade would have been in violation? Would Mr. Reade have been in violation of section 8 (a) (1)?

Mr. GUTGSELL. I think he would then.

Senator CURTIS. Do you think the association would have been in violation of 8 (a) (1), had this restaurant been in interstate commerce?

Mr. GUTGSELL. Do you mean the Restaurant Association?

Senator CURTIS. Yes.

Mr. GUTGSELL. Well, assuming that they had carried out all the requirements of that section, which I assume that you have assumed, I would say they would be in violation, if they were fostering this restaurant not to recognize the union at that time.

Senator CURTIS. The reason I am asking is that these associations are very common, as you know, around the country, and represent not only restaurants but all types of businesses. I have always been interested in the legal question as to whether or not the individual would be held in violation of the Taft-Hartley or the association.

Mr. GUTGSELL. Well, it would be my opinion, and I may be wrong, but I would think that anybody that would carry out what you have just said, in view of that law, I think they would both be in violation.

Senator CURTIS. I have one other question relative to the organization of the association. Do you know what the average size of the restaurant is that belongs to that association?

Mr. GUTGSELL. Well, that varies, Senator. There are small sandwichshop restaurants and there are restaurants of the type of the London House, Mr. Marienthal's restaurant, who testified here yesterday. They have certainly a mixed crowd of people and a diversified restaurant business in Chicago.

Senator CURTIS. Take, for example, the restaurant we were talking about here, Mr. Reade's restaurant. Would that restaurant be of a sufficient size to enable it to hire an attorney to help them in labor negotiations?

Mr. GUTSHELL. No; I would say not. Mr. Reade runs what I would classify as the tearoom restaurant. Mr. Reade sells no liquor in his restaurant, which presents a problem immediately of how to make a profit on food today. He operates, I believe, just a few hours, and

closes around 9 or 9:30 at the latest at night. He really has just a lunch business and an early dinner business.

Mr. Reade, I am sure, has to watch his business very closely to stay in business.

Senator CURTIS. As a labor lawyer practicing labor law, have you ever represented labor?

Mr. GUTGSELL. Never.

Senator CURTIS. You never have represented a union?

Mr. GUTGSELL. No, sir. I have had several sessions with the same union by another client that I represent, where we don't encounter any sweetheart contracts or clauses or anything else. It was strictly a union, 100 percent.

Senator CURTIS. Did you find in your practice in Chicago in this field that the type of contract we were discussing yesterday was a pretty general one, where parts of the restaurant would be organized, but the waitresses were not?

Mr. GUTGSELL. I don't quite follow you, Senator.

Senator CURTIS. Where the union would organize, let's say, all of the restaurant except the waitresses.

Mr. GUTGSELL. What is it you want to know about it?

Senator CURTIS. Is that a general type of contract, to your experience in Chicago?

Mr. GUTGSELL. Well, I know that there are quite a number of restaurants operating under that situation. When I took over the attorneyship of the Restaurant Association, I quickly was advised of that situation, and I did not think it was a very good situation. As the chairman pointed out yesterday, even, for instance, the 40 employees of Mr. Marienthal, that he was paying dues on, they were getting no benefits at all. Now, after I had negotiated my contract with the union restaurants, there was a health and welfare clause that would go into effect the following December, and if we could get the particular 40 as Mr. Marienthal did and put them in the union, today they would have the benefits of the health and welfare, which is a thing that should exist. I think health and welfare should be in all the restaurants in Chicago. They should have them.

Senator CURTIS. Where would you, as a person interested in labor law, put the blame for the fact that waitresses would be excluded from these contracts while bartenders, cooks, and helpers would be in the contracts?

Mr. GUTGSELL. Well, the waitress question has presented a problem with the restaurant owner for a long time. In the contract that I negotiated, on the gratuities help they didn't get the raise that the other part of the business received. I say that the waitresses should have a lesser pay for the reason that they do get the tips, and the waiters the same way.

It is a very difficult problem. But I think once they get either on one side of the fence or the other, then the question of the waitresses would be easily handled, because I believe the union recognizes the fact that the waitresses, the people that receive gratuities, should be at a different level than the fellow that is broiling the steak in the backroom.

Senator CURTIS. Do the waitresses in the contracts you were negotiating receive union scale?

Mr. GUTGSELL. Yes, sir.

Senator CURTIS. They all did?

Mr. GUTGSELL. Yes, sir.

Senator CURTIS. Even though they weren't members of the union?

Mr. GUTGSELL. I only represented union restaurants.

Senator CURTIS. I misunderstood you.

Mr. GUTGSELL. I only had about 52, actually, that gave me the power of attorney to represent them. I never at any time brought up a question in any of the restaurants that you heard about yesterday, where 1 fellow was paying for 10 and another for 40. They were nonunion restaurants.

Senator CURTIS. That is all, Mr. Chairman. Thank you.

Mr. KENNEDY. Did you learn that the association financed Nantucket Restaurant during the strike?

Mr. GUTGSELL. I was so advised; yes, sir. I understand it cost both the union and the Restaurant Association a vast sum of money, because it went on for pretty near 2 years.

Mr. KENNEDY. Would you have any suggestions or ideas for legislation to deal with this problem or the problems that exist both for the union and for management?

Mr. GUTGSELL. Yes; I feel that I have a suggestion to the committee here. I really believe that the State of Illinois should quickly enact a law along the lines of, I would say, the Taft-Hartley, or the Labor Relations Act, and make it a law and have a committee or commission appointed; we will take the case, in all probability which you will hear later this morning, of Mr. Reade's question.

That presents an ideal problem to solve. Mr. Reade claimed they did not have a majority while the union claimed that they did. So the union—assuming that we have the law, now, on the books—they could appeal to the committee, the commission, and state that they feel that they have the majority, and that they would want the committee or commission to conduct an election of the employees of Mr. Reade's restaurant. I think then if it developed that the union had the majority of them, I would feel confident that both Mr. Reade or any other restaurant in a like situation would go along, or naturally would have to go along, with the law.

I think that would solve the problem. That would solve the check-off that they are talking about, the sweetheart contracts, or any fellow walking in and trying to organize a few people in a particular restaurant.

I think the chairman yesterday certainly put his finger on the pulse when he cited the problem of a union restaurant on one side of the street paying union wages and then a restaurant across the street, with half of the people not paying union scale.

I cannot see how the union fellow can stay in business, with the present situation on the price of food and the history of the restaurant business in the last few years.

Mr. KENNEDY. Do you have any suggestions at the Federal level?

Mr. GUTGSELL. Well, of course, the restaurants in Chicago are intrastate, and as I told Senator Goldwater, I feel that it requires some State action.

Senator GOLDWATER. You would not suggest, then, that the Federal Government extend its activities down into this field, as has been suggested by others?

Mr. GUTGSELL. Well, I think they would be hampered to some extent, but I think that this committee could very easily make a recommendation that such a thing should take place in the State of Illinois.

I mean that is within the purview of this committee.

Senator GOLDWATER. If it would work for Illinois, it would work for all of the States.

Mr. GUTGSELL. They tell me that it works for New York very fine.

Senator GOLDWATER. We have this developed earlier in the hearings. We called it no man's land, that it would not apply particularly in intrastate.

Mr. GUTGSELL. That is my feeling.

Senator GOLDWATER. Have you every had experience with cases in the so-called no man's land field?

Mr. GUTGSELL. Well, years ago I represented quite a number of dairies in Chicago, and I thought I was on real solid ground because I had one dairy—and you might consider this as an answer to your question just now—I had one dairy in Chicago, after the Government had passed order 41, regulating the price of all milk coming into Chicago, under order 41, and I had, as I say, one dairy that operated exclusively in Cook County, or in the State of Illinois, and received all of its milk from farmers in the State of Illinois.

I was associated with a lawyer that tried it in a Federal court in Chicago. The district court agreed that it was purely in intrastate. They got up to the Supreme Court with it and they decided that it had a tendency to interfere with interstate commerce, and that covers a big blanket.

Mr. KENNEDY. That is what I was going to say. As far as the restaurants, you say they are completely intrastate. It has been held in a number of States, in instances, that the restaurants are interstate. Perhaps the National Labor Relations Board will not assume jurisdiction over the matter, but, still, the Federal law and the other provisions of the Taft-Hartley Act apply. Of course, this gets into the middleman area, because the State then says because it might be interstate, we cannot assume jurisdiction.

Mr. GUTGSELL. You are pressing my memory about that case. I think I might have to say to you, Senator Goldwater, that there is a possibility that your committee, on interstate phases of this situation, would be able to do something.

Senator GOLDWATER. That was my feeling.

Mr. GUTGSELL. I stand a little bit corrected on that, yes.

Senator GOLDWATER. Under the interpretations starting back with the Jones-McLaughlin case in 1930, it is pretty hard to imagine any business in the United States which is not interstate commerce, including the fellow polishing shoes, because he has to bring his polish across State lines.

Mr. GUTGSELL. Because of that tendency to interfere.

Senator GOLDWATER. And "interfere" is a big word. That is all I have.

Mr. GUTGSELL. Senator, I would like to say one thing in conclusion, if I may. I have been practicing law in Chicago, as I stated, since 1916. I felt pretty badly this morning in looking at the morning press of our paper, that Chicago is getting a very bad name here with

what is taking place here, and what have you. I think it doesn't deserve that for this reason, in view of the fact that we don't have the adequate law at the moment to solve the problem that we have been talking about between the union restaurant and whether they have a majority to recognize.

I feel at the moment that Chicago's hands to some extent are tied until they get some adequate legislation whereby they can go out and enforce the situation and do away with the situation that now exists, apparently, in the restaurant industry of Chicago.

As a good citizen of Chicago, I didn't like to see them get that sort of a name out of this hearing.

The CHAIRMAN. Do you feel that the committee is in any way being unfair to Chicago?

Mr. GUTGSELL. No; you are very fair. You are very fair, and I am hopeful that the committee will recommend some legislation, either Federal or State, to solve the problem for us, because I think it would put us in a very much finer, healthier situation. I just want to say this, because Chicago has been pretty good to me.

The CHAIRMAN. I wish to say this to you and to the people of Chicago: That this committee is not interested in trying, and it is not its purpose to give any community a bad name. That we have no desire to do. This was an unpleasant task. When you go into an area to expose some condition that may exist that the decent citizens abhor just as much as we do, it is not with the intent or purpose to smear that community or to develop necessarily derogatory evidence against the community. It is simply to ferret out these practices and these conditions wherever they may obtain in order that the Congress may be guided—first this committee guided in its recommendations to the Congress and the Congress in turn guided in the direction of remedial legislation.

Mr. GUTGSELL. I feel that way.

The CHAIRMAN. I am sure that millions of people in Chicago are just as decent and law-abiding citizens as is the chairman of this committee or any other member of it.

It is not to cast reflections upon them, but we do seek their cooperation as well as the cooperation of the decent citizenship all over the country in helping us to ferret out these evils, wherever they prevail, and finding a solution to the problem in order that the whole country, not just one community but the whole country may profit by it, and it may serve the welfare of all the people.

Mr. GUTGSELL. I am sure, Mr. Chairman, you understand I am not critical of the committee by any means. I am just hoping that out of this situation we will get something that will solve the problem between the association and the union.

The CHAIRMAN. Yes, sir. Well, that is what we are trying to do. I did not think you were critical of the committee. I may say to you that this assignment, the assignment the committee has, is often very unpleasant to perform.

Mr. KENNEDY. Could I add something to that? What you mentioned hits home particularly, as I received a telegram today from the Chamber of Commerce of Scranton, Pa. We have been in Scranton, Pa., twice in the last 18 months. They feel that we have made them appear to the public to be a very evil city. Unfortunately, this might be the situation that is created. It is a very small minority in

this city, as it is a very small minority in Chicago. Unfortunately, this committee deals with the evil rather than particularly with the good, as we also deal with labor unions. It is really a very small minority that we deal with. It is most unfortunate if it reflects on the vast numbers who are decent and live up to the law.

Mr. GUTGSELL. I was just citing that at the end, Mr. Kennedy, for the reason of urging something to be passed here, or a recommendation or something to be passed, that would be helpful.

I believe that both have been remiss to some extent in not solving the problem among themselves.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Have you ever made a recommendation to the State legislature?

Mr. GUTGSELL. No, sir; I have not.

Senator GOLDWATER. Has the bar association in Illinois?

Mr. GUTGSELL. Not to my knowledge, Senator Goldwater.

Senator GOLDWATER. Do you think it would be a good idea for you people to institute this action?

Mr. GUTGSELL. I have that in mind, and when I get back to Chicago I am going to talk with the proper committee of the Chicago Bar Association and get busy on some sort of legislation on this point.

Senator GOLDWATER. The reason I suggest that is that I have no confidence in the Federal Government's ever being able to help the States. I think the States can help themselves.

Mr. GUTGSELL. And I think they should.

Senator GOLDWATER. I think your situation in Illinois is no different than we have in other States of the Union. It should be solved or at least attempted to be solved first by the State legislature and the Governor, and if they can't do it, and I see no reason why a State can't, then you might fall on the feeble crutch of the Federal Government. But I don't want to see the Federal Government get any more into labor legislation than it is. In fact, I would like to see them get out of it as much as they could, and get out of everything else they have meddled with.

Mr. GUTGSELL. I think that is the way we should try to do it and all States should try to solve their own problems, if they possibly can.

The CHAIRMAN. All right; thank you very much.

Mr. GUTGSELL. Thank you for your courtesy.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Harold Reade.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. READE. I do.

TESTIMONY OF EDWARD HAROLD READE, ACCOMPANIED BY COUNSEL, WILLIAM J. LANCASTER

The CHAIRMAN. Mr. Reade, state your name, your place of residence, and your business or occupation.

Mr. READE. My name is Edward Harold Reade. I live at 1617 West 80th Street, Chicago, Ill. I have a restaurant at 10437 South Western Avenue, Chicago.

The CHAIRMAN. Thank you, sir. You have counsel present to represent you?

Mr. READE. Yes, sir.

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. LANCASTER. William J. Lancaster, 111 West Washington Street, Chicago 2, Ill.

The CHAIRMAN. Thank you very much. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Reade, how many employees do you have at the Nantucket Restaurant, approximately?

Mr. READE. Approximately 27 employees.

Mr. KENNEDY. Were you approached early in 1950 by a union official about making your employees union?

Mr. READE. Yes, sir.

Mr. KENNEDY. Who was that?

Mr. READE. In 1950, I was approached by Frank Trungale.

Mr. KENNEDY. A union official of local 394; is that right?

Mr. READE. Yes, sir. Also, James O'Connor, of the same. They both contacted me.

Mr. KENNEDY. And they wanted you to place your employees in the union; is that right?

Mr. READE. Yes, sir.

Mr. KENNEDY. Did you refuse to do that at that time?

Mr. READE. Yes, sir.

Mr. KENNEDY. And did they make any statement to you at that time?

Mr. READE. Yes, sir. They threatened me with a picket line unless I did place my employees in their union.

The CHAIRMAN. Let me ask you at this point: At that time, did they claim they had the authority from the union members—I mean from your employees? Did they have cards signed by them, expressing a desire to have this union as their collective-bargaining agent?

Mr. READE. No, sir; they did not.

The CHAIRMAN. They made no claim at that time of having the authority to represent any majority?

Mr. READE. No, sir.

The CHAIRMAN. And, without having that, they were actually insisting that you place your employees in the union?

Mr. READE. Yes, sir.

The CHAIRMAN. And when you declined to do that, then they threatened you with a picket line?

Mr. READE. That is correct.

Senator CURTIS. Mr. Chairman, we cannot hear very well.

Mr. LANCASTER. If I may interrupt, the witness is somewhat hard of hearing, also, Mr. Chairman. I want you to be humane and understand that, too.

The CHAIRMAN. Thank you very much. We will all try to be governed accordingly.

Mr. KENNEDY. At that time, you were a member of the Chicago Restaurant Association?

Mr. READE. Yes, sir.

Mr. KENNEDY. Did you then go and have a conference with Mr. Kiesau, of the Chicago Restaurant Association?

Mr. READE. Yes, sir. I had a conference with him by phone and in person down at the Chicago Restaurant Association office.

Mr. KENNEDY. What arrangements did he make then?

Mr. READE. He made arrangements for Mr. Teitelbaum to contact me.

Mr. KENNEDY. Mr. Teitelbaum at that time was labor-relations consultant for the association; is that right?

Mr. READE. Yes, sir.

Mr. KENNEDY. Then did you have a conference with Mr. Teitelbaum?

Mr. READE. Yes, sir.

Mr. KENNEDY. Did he come to your restaurant?

Mr. READE. He did.

Mr. KENNEDY. Did you meet, then, with any union officials?

Mr. READE. Mr. Teitelbaum first came in and, shortly afterward, Mr. Trungale came in.

Mr. KENNEDY. Would you tell the committee what transpired at that time?

Mr. READE. Yes, sir. I invited them back into a private dining room which was not being used at that time, and Mr. Trungale refused to meet inside the building and said we would have to take a walk. We went out of the building, walked down along the sidewalk where there were no buildings and no improvements whatever. This happens to be out in an area that was not built up at that time. On this walk, Mr. Teitelbaum and Mr. Trungale carried on a conversation relating to whether I should be put into the union or how it should be worked out.

Mr. KENNEDY. Did Mr. Trungale at that time demand a payoff from you?

Mr. READE. In the course of this conversation, in trying to arrive at a figure, Mr. Trungale made the statement that "I expected nothing less than the price of a new Cadillac out of the Nantucket."

After much bickering between Mr. Trungale and Mr. Teitelbaum, they agreed—I was listening; I was the third party, but they were transacting this as my attorney and the union—they agreed that I would pay a \$500 penalty or initiation fee—I don't know just exactly what you would call the figure—it was to be in cash, and I would put 10 of my employees into the union and continue to pay for 10 employees from that point on.

Mr. KENNEDY. Originally, he had demanded the price of a Cadillac car, and that was to be paid in cash?

Mr. READE. Well, he made this statement. I don't believe I have ever made the statement that he demanded. He said he expected nothing less than the price of a new Cadillac out of the Nantucket.

Mr. KENNEDY. And, ultimately, between the discussions of Mr. Teitelbaum on your behalf and Mr. Trungale, it was agreed that you would pay \$500 in cash; is that right?

Mr. READE. Yes, sir.

Mr. KENNEDY. Did you make any payment at that time? And also put 10 employees into the union?

Mr. READE. Yes, sir; I was also to put 10 employees into the union. At that time, I did not have \$500 in cash on my person. I did have a fairly large amount of cash, and I at that time paid out \$150 in cash, which was later returned to me.

Mr. KENNEDY. What did you do with the \$150 in cash?

Mr. READE. I paid it out to Mr. Trungale, on the instructions of Mr. Teitelbaum.

Mr. KENNEDY. And was it agreed at that time that you would pay the other \$350 at a later time?

Mr. READE. At a later time, and also would start paying on the 10 employees at a later time.

Mr. KENNEDY. After this meeting and this discussion, did some question arise in your own mind as to the propriety of making this payment?

Mr. READE. Yes, sir; there was a question in my mind from the beginning on the propriety of paying the whole thing, but, in view of the fact that counsel had been recommended to me, and I am not a lawyer, I didn't think it was right, but, on the advice of counsel, I proceeded on it, and then the more I thought about it the more disturbed I became over it. I then contacted Mr. Kiesau at the Chicago Restaurant Association and explained to him just what had happened. He was quite disturbed over the fact that this transaction had been handled in that manner. He asked me to come down to the association, which I agreed to do as soon as he could make arrangements for Mr. Drake to come in and meet with me.

The CHAIRMAN. May I ask you at this point if, at that time, you were a member of the Chicago Restaurant Association?

Mr. READE. Yes, Mr. McClellan. My brother originally signed up the Nantucket Restaurant Association, as my partner. He was operating it, and operated it the first 3 years. He was killed, and at that time I went and took over. Prior to my going in, we were a member of the Chicago Restaurant Association, and I continued my membership and used their services whenever I felt that I needed them.

The CHAIRMAN. May I inquire whether you were also a contributor to the so-called voluntary fund at that time?

Mr. READE. I don't believe at that time, prior to that time, I had ever known of this voluntary contribution. As soon as I heard about it, I asked to participate in it.

The CHAIRMAN. But up until then you had not?

Mr. READE. No; I had not known of it, sir.

Mr. KENNEDY. You had conversations with Kiesau, and then was it arranged for you to meet with Mr. Teitelbaum again?

Mr. READE. I was asked to come down to the office to meet with Mr. Drake, and, when I arrived, I met with Mr. Kiesau and Mr. Drake.

Mr. KENNEDY. That is George Drake?

Mr. READE. George Drake, who was president of the Chicago Restaurant Association at that time.

Mr. Kiesau asked me to repeat for Mr. Drake exactly what had transpired, and they both appeared to be quite amazed that such an arrangement had been worked out. They had also arranged to have Mr. Teitelbaum in the office, and, after I had explained the entire story to Mr. Drake, Mr. Teitelbaum was called into the office, and at that point Mr. Drake, in my presence, explained to Mr. Teitelbaum just what I had told him. At that point, Mr. Teitelbaum confirmed the fact that he had, and Mr. Drake and Mr. Kiesau both told him that that was absolutely contrary to any arrangement the association had ever made with him, and asked him what he was going to do about it.

He agreed to correct the matter, and, about 2 weeks later, I don't remember the exact time, Mr. Teitelbaum called me. I went down to his office and picked up the \$150 in cash from Mr. Teitelbaum.

MR. KENNEDY. This was back in 1950-51?

MR. READE. In that area; yes, sir.

MR. KENNEDY. Did the restaurant association, after Mr. Kiesau and Mr. Drake found out about this, fire Mr. Teitelbaum right then and there?

MR. READE. No, sir.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Mr. Reade, you told us about this request; first, they talked about a Cadillac, and, later on, \$500, and then that you pay dues for 10 of your members. Did that have the appearance of a demand upon you for a payment direct to the union bosses?

MR. READE. Yes, sir.

Senator CURTIS. And it did not carry any implication that you were making a payment that would really benefit your own employees?

MR. READE. No, sir.

Senator CURTIS. Did they indicate what might happen if you didn't make a payment to them?

MR. READE. I had been advised on many previous occasions and also was advised at this time, unless I did their bidding, I would be faced with a picket line.

Senator CURTIS. Had knowledge come to you as to how those picket lines operated around some of the restaurants?

MR. READE. Yes, sir. I was familiar with the fact that there had been many picket lines in Chicago and had, personally, visited the situation up at the Howard Johnson Restaurant during the time they had their picket line.

Senator CURTIS. That Mr. Strang told about?

MR. READE. Yes, sir. Because they had been threatening me for a long time previous to this with a picket line.

Senator CURTIS. Mr. Strang testified not only to the picket line, but the difficulty of getting goods in, the secondary boycott against the dairy people; he told how they blocked him in removing his garbage from the premises, and the slicing of tires of employees and management around there. You were given to understand that that is probably what would happen to you if you didn't make settlement?

MR. READE. Yes, sir.

Senator CURTIS. That is all, Mr. Chairman.

MR. KENNEDY. Actually, Mr. Teitelbaum remained with the association for another couple of years, did he not?

MR. READE. I believe he did.

MR. KENNEDY. In 1955, was another attempt made to unionize the Nantucket Restaurant?

MR. READE. Yes, sir.

MR. KENNEDY. On October 21, 1955, or thereabouts, Mr. John Culbertson, of the joint executive board of local 593, contacted you, did he not?

MR. READE. Yes, sir.

Mr. KENNEDY. And informed you that he had a majority of your employees signed up?

Mr. READE. He claimed that he represented a majority of my employees; yes, sir.

Mr. KENNEDY. And he threatened to put a picket line if you did not recognize the union?

Mr. READE. Yes, sir.

Mr. KENNEDY. What was your reaction to that?

Mr. READE. Well, do you mean—

Mr. KENNEDY. Did you refuse to recognize the union at that time?

Mr. READE. Well, yes. The first contact he made, I was down in Georgia. I had gone down to Georgia for just a few days on a little vacation, and when I came back I received this registered letter from the union. It had been opened at the time I received it. I could never ascertain who opened it, but it notified me—I believe the letter notified me that they represented my employees.

Mr. KENNEDY. You refused to recognize the union and went to see Mr. Kiesau; is that right?

Mr. READE. Yes, sir.

Mr. KENNEDY. And he put you in touch with Mr. Gutgsell?

Mr. READE. Yes, sir.

Mr. KENNEDY. Then Mr. Gutgsell met with Mr. Cullerton, did he not, representing the union? He had meetings with Mr. Cullerton?

Mr. READE. He talked to Mr. Cullerton, yes, sir. He explained to me that he had talked to Mr. Cullerton.

Mr. KENNEDY. And he came back and reported to you that Mr. Cullerton stated that he had the cards for a majority of your employees?

Mr. READE. Yes, sir. He came back to me and stated that Mr. Cullerton claimed that he had a majority of my employees signed up.

Mr. KENNEDY. You still refused to recognize the union, did you?

Mr. READE. I did, because to my knowledge, and by him checking, I was thoroughly convinced that this was no more than their previous claims that they could not verify.

Mr. KENNEDY. Did you make arrangements to check the cards? Mr. Cullerton evidently was willing to have the cards checked?

Mr. READE. He never so indicated to me that he was. I at this point would like to state that Mr. Gutgsell never so indicated to me that Mr. Cullerton was willing to have me check the cards.

Mr. KENNEDY. Did you ask to have the cards checked?

Mr. READE. No, sir. I did not. I did not feel it was my responsibility to have the cards verified.

Mr. KENNEDY. If you were willing to have your employees signed up if they had selected the union as their representative, why didn't you just say, "I want to check the cards"?

Mr. READE. I had and still have a lot of very fine, loyal employees. I am very close to my employees. I have talked to my employees. In my own mind I felt I knew that my employees had not signed the cards. For that reason I could see no reason why I should accept the word of people who had conducted the type of business and the type of operations that they had been conducting.

Mr. KENNEDY. This wasn't a question of your taking anybody's word. These were the cards. We have them right here. You could

have just taken the cards and had the signatures compared with the signatures of your employees. It was very simple. You didn't have to take anybody's word for it, Mr. Reade.

MR. READE. I realize. But I was never offered that. I did ask Mr. Cullerton at one point in our conversation, and the only statement that he ever made to me was when I asked him how many he claimed that he represented, he said about 25.

He never came any closer than to a general statement as to how many of my employees he represented.

MR. KENNEDY. Mr. Gutsell had examined the cards and found that there were approximately 19, which was a majority of your employees.

MR. READE. Mr. Gutsell never so informed me.

MR. KENNEDY. You mean the testimony that Mr. Gutsell has just given to the committee that he examined the cards and found a majority of the cards, No. 1, and that Mr. Cullerton was willing to show them to you is untrue?

MR. READE. I will still make the statement that Mr. Gutsell never so informed me that he had examined those cards and ascertained that they represented my employees.

MR. KENNEDY. Then Mr. Gutsell's testimony before this committee is untrue; is that right?

MR. READE. I would rather not accuse Mr. Gutsell of anything. I would rather just state what I know as facts.

MR. KENNEDY. That is in conflict to what Mr. Gutsell testified to. He said he went and examined the cards and came back and informed you, and that Mr. Cullerton was willing to have you examine the cards. But moving on, did the union then call a strike?

MR. READE. Yes, sir.

MR. KENNEDY. And the strike occurred when? Starting when?

MR. READE. October 21, 1955.

MR. KENNEDY. And lasted until when?

MR. READE. Until November 1957.

MR. KENNEDY. And during that period or afterward, did you ever sign up with the union?

MR. READE. No, sir.

MR. KENNEDY. Your employees never became union members?

MR. READE. No, sir.

MR. KENNEDY. Was there violence of any kind during the period of the strike?

MR. READE. Yes, sir.

MR. KENNEDY. Would you relate that to the committee?

MR. READE. There were many, many repetitions of the same thing that Mr. Strang reported here, only on a much greater scale. They stopped me from removing my garbage. I was fortunate that having a fairly large house out in the rear where we keep our garbage cans, and after I had the house filled to the roof and couldn't get any more in there, I made an arrangement through the Chicago Restaurant Association, through the Illinois Detective Agency, to arrange for a truck to come in and remove this garbage.

The police department were notified that there would be a special movement that afternoon. Normally we were bringing in our merchandise all in the morning. On the instructions of the police depart-

ment, we called them and they escorted in every load of merchandise that we brought in, and escorted out every load of merchandise that we took out.

Before our truck arrived to pick up this garbage, there was a roadblock placed in our alley at both ends of the building, blocking the alley so no one could get through and no one could get to the garbage.

This roadblock was placed by people known to me as being union people, because I had seen them around the place of business in many occasions conducting their business. I talked with the sergeant on duty at the Nantucket Restaurant, and he was unable to do anything about it. I called the Morgan Park police station. They sent up two private detectives, and they were unable to do anything about it. The cars were kept there and the alley was kept blocked.

The CHAIRMAN. How was it blocked?

Mr. READE. By parking a car in the alley at each end of the building where nobody could get through.

The CHAIRMAN. Whose cars were they?

Mr. READE. They belong to the union people.

Mr. KENNEDY. During this period—

Senator GOLDWATER. Excuse me. Did you ever call the police and ask them to get the cars removed?

Mr. READE. Yes, sir. I called the Morgan Park police station, and they sent up two private detectives, Officer Judd and Officer Finn, and these two officers came up and they talked to these union officials for quite a long time. About 2 hours later, Frank Trungale, who is known to me as the top man in this union, this South Chicago union local, went over and very graciously gave the sergeant on duty permission to let our garbage truck come in and remove the garbage.

In the meantime, the man that was driving the garbage truck got so upset over the whole thing that he left. By the time he left, then Mr. Trungale went over and gave permission to the sergeant on duty to let the truck remove the garbage. But we had no truck to remove it. For that reason, we naturally could not remove it at that time.

Also, during the time this alley was blocked, in my presence, James O'Connor threatened to kill the man that was operating this truck, in my presence and in the presence of these policemen that were stationed in the alley.

I went over to the police officers and asked them to please make a notation of the fact that "this gentleman threatened this gentleman's life," and at a later date when I tried to get someone to come into court and testify to his fact I was never able to find any policeman that knew anything about that affair.

The CHAIRMAN. This threat was made to the truckdriver, the one driving the truck to remove the garbage, and he left the scene after his life was threatened; am I correct?

Mr. READE. Excuse me, sir. I didn't quite get your question.

The CHAIRMAN. This truckdriver that you say left the truck, he was the driver of the truck that had come to remove the garbage?

Mr. READE. The man whose life was threatened, his name was Richard Jasky, and he worked for the Illinois Detective Agency. He was the one that had arranged to have this other truck and a driver to come there to remove the garbage. He was still there at the time the truck left. But he did not have a truck.

He could not use the truck that we hauled food in to haul garbage. The CHAIRMAN. You are confusing me more now.

Mr. READE. I am sorry.

The CHAIRMAN. I understood you, and if I am wrong correct me. I am trying to get the record so that we can understand it when it is read. There was a threat made by whom?

Mr. READE. By James O'Connor.

The CHAIRMAN. By James O'Connor, against a man by the name of—

Mr. READE. Richard Jasky.

The CHAIRMAN. That he would take his life; that he would kill him?

Mr. READE. Yes, sir.

The CHAIRMAN. Was Jasky the driver of the truck that had come to remove the garbage?

Mr. READE. No, sir.

The CHAIRMAN. What was he?

Mr. READE. Jasky was the driver of the truck that hauled in and out all of my merchandise, and he was the man who had hired the truck and was going to help the man who was driving the truck remove the garbage.

The CHAIRMAN. All right. Now we have the record straight. Was the man who was driving the truck that was going to remove the garbage present when this threat was made against Jasky?

Mr. READE. No, sir.

The CHAIRMAN. He had already left?

Mr. READE. No, sir; he had not arrived.

The CHAIRMAN. We are finally getting the record straight. He hadn't got there?

Mr. READE. That is correct.

The CHAIRMAN. All right. Proceed.

Senator GOLDWATER. Did the police ever get that roadblock out of there?

Mr. READE. Yes, sir; after Mr. Frank Trungale gave the sergeant in charge permission to remove the garbage, they then removed their cars from the alley.

Senator GOLDWATER. Did they put them back?

Mr. READE. No, sir.

Senator GOLDWATER. They left them out?

Mr. READE. No, sir. The following day I went down to see Commissioner O'Connor downtown, and from that day on they never attempted to stop us from moving our garbage.

Senator GOLDWATER. Let me ask you: You mentioned the Morning-side police station?

Mr. READE. Morgan Park.

Senator GOLDWATER. Is that part of the Chicago police?

Mr. READE. Yes, sir. Chicago has a number of police districts, and they have a captain in each district. This is the district in which the Nantucket is located and is way out on the far South Side of Chicago.

Senator GOLDWATER. Let me ask you: Were the police assigned to you members of the labor detail?

Mr. READE. No, sir. They don't work it quite that way. Mr. Barnes, Captain Barnes, I should say, who is the head of the labor

detail, had arranged for different stations out in that area, each one to contribute a few men to this detail during the strike activity at the Nantucket.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Who was it that gave permission to let the garbage go through?

Mr. READE. Frank Trungale.

Senator CURTIS. Is he a police officer?

Mr. READE. No, sir. He is the top man in this union activity.

Senator CURTIS. He was a union man?

Mr. READE. Yes, sir.

Senator CURTIS. The police didn't remove the blockade until the union man agreed to it?

Mr. READE. That is correct, yes, sir.

Senator CURTIS. Could your competitors block the entrances to your business and be free of police action, do you think?

Mr. READE. No, sir. No, sir.

Senator CURTIS. What would happen if mischievous boys engaged in such activity? The police would deal with them?

Mr. READE. They would be promptly arrested and put in the jail.

Senator CURTIS. In this country of ours, I just don't think the principle of equality before the law needs to be defended. But it is certainly not applied. The unions are granted immunities both in the law and in the administration of it. I just do not believe that it can be defended. I think that when they are permitted to do unlawful acts, that we would prosecute young boys and brand them for life, that it is an outrage.

What union was this that was carrying this on, do you know?

Mr. READE. It is the South Chicago local. I have the number. That is local 394. It is commonly known as the South Chicago local.

Senator CURTIS. May I ask of the staff who were the officers of this local?

Mr. DUFFY. Mr. O'Connor and Mr. Trungale.

Senator CURTIS. Did either one of them have any connection or record with the hoodlum element?

Mr. DUFFY. We have no direct connection with these individuals.

Senator CURTIS. Not this particular one.

At the time this controversy was going on about the signing of the cards, and you felt it was not the expression of a majority of your employees and the union contended that it was, did you know your employees pretty well at that time?

Mr. READE. Yes, sir.

Senator CURTIS. Is it your opinion that some of them were in fear of the union and intimidated by it?

Mr. READE. I have been told that they were.

Senator CURTIS. In that regard, do you think that a fairer and more objective tabulation on the views of workers could be had if the unions were required in all instances to hold a secret election, and let them vote in secret whether or not they wanted the union? Would that be fairer to the workers than a union representative telling them to sign something?

Mr. READE. Yes, sir.

I think that a secret ballot should be taken before any picket line should be put up, at any and all times.

Senator CURTIS. I can understand that a well-run union, one where the officers conducted themselves according to law and abstained from unfair practices, that they could very well explain their proposition to workers and have them sign up cards to ascertain whether they wanted to belong.

But I do believe that so long as that method is permitted by law, that it invites a great many abuses on the part of that minority of unions which are not run as they should be and which are in the hands of wrong people. It is not a free expression of the workers.

Mr. READE. That is correct. I would like to say that in one particular case, one of the people who walked the picket line for 2 years and 2 weeks, as soon as the picket line went down came back to me and begged for his job back, and told me that the stories that had been written about him in the papers were not true, that he had no part of them, didn't know anything about it, and that he liked to work for me and he would like to come back to work for me.

I naturally could not take the man back, although I have always considered him an honest man.

Senator CURTIS. I have just one more question.

This threat, where a man was going to kill the other man, did any police officers hear that?

Mr. READE. They were close enough to the man to have heard him, unless they purposely turned their hearing devices out so they couldn't hear him.

Senator CURTIS. You heard it?

Mr. READE. Yes, sir.

Senator CURTIS. You heard then?

Mr. READE. Yes, sir.

Senator CURTIS. And they were as close to the threat as you were?

Mr. READE. And when I asked the police officers on duty to please make a note of the fact that this man had threatened this man's life, not one of them objected to the fact that his life had been threatened. They looked at me and made no comment whatever.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. You cleared it up in part, but I had in mind to ask you regarding the picket line, who composed it? Did your own employees picket your place of business?

Mr. READE. Some of the people that had worked for me walked the picket line. I am not sure whether any of them went on it the first day, but within the first 2 or 3 days. And some of my former employees were on the picket line up until the time that it ended; yes, sir.

(At this point, Senator Kennedy entered the hearing room.)

Mr. READE. I would also like to comment on the fact that during that time they were able to buy new automobiles and new clothes that looked to me as though they were prospering quite well on the picket line.

The CHAIRMAN. Well, that could be true or not true. I have some ideas, and I wouldn't say they are all together firmed up, regarding the importing of pickets to a place of business, with none of the employees participating in the picketing. I think it gives greater

validity to the picketing where the employees of the plant that is being picketed do the picketing. It would carry with it some indication, at least, that the employees actually want a union and are willing to strike, and are willing to endure whatever inconveniences there are in a picket line in order to win a victory for a union plant.

I just wanted the record to be clear. As I understand you now, after the first day or two, at least, some of your employees continued to help picket your plant, up until the time the picket line was finally withdrawn.

Mr. READE. Yes, sir. I would like to state that I have always hired both union people and nonunion people. I have never discriminated against anyone whether they belonged to a union or did not belong to the union.

In my efforts to ascertain what activity the union was doing on this drive that they were putting on, there were three people that definitely told me they had signed up for the union, and as far as I was concerned, those people continued to work for me and enjoy the same benefits as anybody else in the place.

I have never discriminated against them. I had a chef that worked for me for many years, who was a union man, and during the early part of this effort on their part to force me to push my people into the union, I got information from him that they had not made any effort, to his knowledge, to organize anyone, had not talked to anyone, about becoming a member of the union.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Reade, just a few things I would like to clear up. First you talked about the barricade in front of your driveway, was it?

Mr. READE. Yes, sir.

Mr. KENNEDY. And you said that the police official came out to get the permission of Trungale to remove it?

Mr. READE. No, sir; I did not state it that way. I said that Trungale came over to the sergeant and gave him permission. The sergeant was stationed back in the alley, in between where the two cars were sitting that had the alley blocked. Actually, he was nearest the north end of the parking lot when Trungale gave him permission to let the garbage be removed.

Mr. KENNEDY. Had somebody in turn given Trungale instructions, told him that the barricade should be removed?

Mr. READE. It is quite possible, and it is my opinion that someone contacted him and told him.

Mr. KENNEDY. It seems to me that is the reasonable way of going about it.

Mr. READE. I would assume that someone had contacted Trungale and told him that he would have to remove the roadblock, and about 2 hours after it was put up it was removed.

Mr. KENNEDY. I think that that whole picture should be told, not just the fact that the union official told the police official that the barricade should be removed, but the police, within 2 hours of the time that the barricade was put up, made arrangements to have it removed.

The proper way to do it is not to just come along and remove it, but to discuss it with the union official and get it removed. You don't

have any information that it was done in other than that way, do you?

MR. READE. Mr. Kennedy, I believe you and we are both assuming that that is the way it happened. I don't know how it happened. And I don't know whether Frank Trungale talked to anybody before he gave the sergeant permission to remove it.

MR. KENNEDY. That is correct. I think we should get the full facts in here.

MR. READE. I am not trying to hide any facts, sir. My records and everything are open.

MR. KENNEDY. On that question we have found you less than co-operative and less than truthful in our interviews we have had with you.

You have made these statements regarding the number of people. I wasn't there. I don't know whether it is correct or incorrect, but there have been serious reflections on a number of individuals. I want to put in the record the fact that our experience with you has found you less than truthful in the questions and answers that you have given to us.

MR. READE. Mr. Kennedy, I have been an honest man, and I resent anyone calling me a liar over the television and in public. I would consider it a great favor if you would care to restate that. It is possible that there could have been a misunderstanding; I would like to relate that on the same subject that we had this controversy in your office on, that I made the statement that we never completed the conversation, because we reached a point where the gentleman that was interrogating me wanted me to produce a list of employees, a list of people who received the money in question, and left with the instructions that I was to prepare a list, and that he would come back later and get that list.

The rest of the conversation was never completed, and he never came back to get the list. I would like that cleared. I would consider it a great favor if you would care to state that there is a possibility of a misunderstanding, because I am known as an honest man in my community, and I am known as an honest man in my home State where I was born and raised. I consider it a great injustice to accuse me of being a liar here on this network.

MR. KENNEDY. I just wanted to make sure that the complete situation was told. If you want to go into the facts involved in the matters that we have discussed, I would be glad to have you do so. Do you want to go into all of those things, and the basis of the controversy? Did you want to go into that?

The CHAIRMAN. Let's proceed with the interrogation of the witness.

MR. KENNEDY. I am asking the witness if he wants to go into all of that. Do you?

MR. READE. I recognize the Chair.

MR. KENNEDY. Did the association finance you during this strike by the union?

MR. READE. Yes, sir.

MR. KENNEDY. How much money did they advance you during the 2 years of the strike?

MR. READE. I have never made an accurate tabulation of it. I believe Mr. Mundie did. If you would care to use Mr. Mundie's

figures. I authorized my bookkeeper to work with Mr. Mundie and cooperate with him in every way possible in furnishing any figures that he needed or cared to have.

Mr. KENNEDY. Mr. Chairman, could we call Mr. Mundie at this time?

The CHAIRMAN. Come forward, Mr. Mundie.

Do you solemnly swear the evidence you shall give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MUNDIE. I do.

TESTIMONY OF JAMES F. MUNDIE, INVESTIGATOR ON THE STAFF OF THE SELECT COMMITTEE

The CHAIRMAN. State your name, your residence, and your present occupation or employ.

Mr. MUNDIE. My name is James F. Mundie; I reside at 3803 Silver Hill Road SE., Washington, D. C. I have been a member of this staff on detail since March 1956.

The CHAIRMAN. Did you examine the books of the Nantucket Restaurant, Mr. Reade's restaurant?

Mr. MUNDIE. I examined the tax returns of Mr. Reade's partnership. However, the disbursements were made from the Chicago Restaurant Association to Mr. Reade.

The CHAIRMAN. Have you examined the records of the Chicago Restaurant Association with respect to the advances made to Mr. Reade's restaurant during the period of the strike?

Mr. MUNDIE. I have, sir.

The CHAIRMAN. Have you those figures?

Mr. MUNDIE. I do.

The CHAIRMAN. Do you have a compilation of them?

Mr. MUNDIE. I do.

The CHAIRMAN. Give us the total, and over what period of time.

Mr. MUNDIE. Starting in 1955, the Chicago Restaurant——

The CHAIRMAN. What date?

Mr. MUNDIE. In November, 1 month after the strike started.

The CHAIRMAN. November 1955. And through what date?

Mr. MUNDIE. November 1957.

The CHAIRMAN. That is a period of 2 years.

Mr. MUNDIE. They disbursed then \$118,998.41.

The CHAIRMAN. \$118,998.41.

Mr. KENNEDY. That is what the association advanced to the Nantucket Restaurant?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. And financed them during the course of this strike?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. And ultimately the union capitulated; is that right?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Did this include just their expenses, or did this include also a salary and profit for the officials that owned the Nantucket Restaurant?

Mr. MUNDIE. This included the expenses of the restaurant, a salary to Mr. Reade, a salary to his partner, also funds which were disbursed by Mr. Reade to an undisclosed source, and also rental income to Mr. Reade, on the property which he owns himself.

The CHAIRMAN. That compilation, if you have it prepared so it may be submitted as an exhibit, may at this point—do you have it so prepared?

Mr. MUNDIE. I do, sir.

The CHAIRMAN. It may be made exhibit No. 20, for reference.

(The document referred to was marked "Exhibit No. 20" for reference and may be found in the files of the select committee.)

Mr. LANCASTER. Mr. Chairman, do you have a copy of the exhibit that we might look at?

The CHAIRMAN. Do you have an extra copy?

Mr. MUNDIE. I do not.

The CHAIRMAN. A copy will be prepared. You may pass it over to Mr. Reade at this time, to his attorney, for their inspection.

If you later desire, a copy of it will be made available to you.

Mr. LANCASTER. As long as Mr. Mundie says this is a result of checking of the books, we are satisfied.

Mr. MEADE. I am willing to accept Mr. Mundie's figures.

The CHAIRMAN. You are entitled to see an exhibit, of course.

Senator GOLDWATER. Mr. Chairman?

Mr. KENNEDY. I have just one more matter, Senator.

Senator GOLDWATER. Go right ahead.

Mr. KENNEDY. Was it arranged during the middle of the strike to pay a sum of money for the rent for the Nantucket Restaurant?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Could you tell us how that was set up in the books?

Mr. MUNDIE. During the month of June 1956, the Chicago Restaurant Association disbursed through a check a sum of money in the amount of \$8,400 for rent for the period November 1955 to June 1956. Thereafter, and including in June, there was a check—I mean, there was included in the check the amount of money of \$1,200 each month for rent.

Mr. KENNEDY. That was the rent for the Nantucket Restaurant?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. The restaurant association was paying the rent; is that right?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. For the Nantucket Restaurant. Who was the rent being paid to?

Mr. MUNDIE. The rent was then disbursed to Mr. Reade and his partner, \$8,400 each.

Mr. KENNEDY. They received the rent; is that right?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. For the Nantucket Restaurant, which they owned?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. That is what made up the profit which they received that year of \$16,800?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. But it was listed in the books as rent?

Mr. MUNDIE. Yes.

Mr. KENNEDY. And no rent had been paid prior to that time?

Mr. MUNDIE. That is correct.

Mr. READE. \$1,600, I believe, was what was paid to me. But my partner only received the rent and such salary as she earned when

she worked. Her figure is a little different, the amount that she drew is a little different, than the amount I drew, for that reason.

Mr. KENNEDY. We can put those figures in.

Mr. Mundie, did Mr. Reade make more money actually during the strike than he had made prior to the strike?

Mr. MUNDIE. About \$600 more.

Mr. KENNEDY. About \$600 more.

Senator GOLDWATER. For the year?

Mr. MUNDIE. Yes.

Mr. READE. For which year was that, Mr. Mundie?

Mr. MUNDIE. In 1955, the partnership return showed \$16,125.88. In the year 1956, it showed \$16,800.

Mr. READE. I believe to get an accurate picture, you would have to go back 1 year, because that first year that you used there is a mixed year between prior to the picket line and including the picket line; is that correct?

Mr. MUNDIE. I have gone back another year.

Mr. KENNEDY. Go ahead.

Mr. MUNDIE. In the year 1954—

Mr. READE. I thought you said 1955 and 1956.

Mr. MUNDIE. The partnership return showed \$16,732.16 for the year 1954.

Mr. READE. What was the other year?

Mr. MUNDIE. \$16,800.

Mr. READE. What year?

Mr. MUNDIE. 1956.

Mr. READE. 1956.

Mr. KENNEDY. So 1956 he made the most of any year; is that right?

Mr. READE. That is correct.

Mr. KENNEDY. You would like to receive the salary you received in addition to that. That was \$7,800?

Mr. MUNDIE. In 1955, the Nantucket Restaurant paid Mr. Reade \$6,100 as salary. For the balance of the year \$1,700 was paid by the Chicago Restaurant Association, making a total of \$7,800 for the year 1955.

In 1956, the total salary was \$7,800.

Mr. KENNEDY. What about Mrs. Mischnick, what did she receive?

Mr. MUNDIE. In 1955, before the strike, she received nothing. After the strike she received \$990.

Mr. KENNEDY. What about 1956?

Mr. MUNDIE. In 1956, she received \$2,530.

Mr. READE. May I explain that the reason for those variations are that when we are short of help, Mrs. Mischnick comes in and works, and I might state she is in Chicago running the Nantucket Restaurant by herself and very badly in need of me back there to help her.

Mr. KENNEDY. We are almost through.

The CHAIRMAN. The picture that presents itself to me is that you have an association here of employers who are collectively, apparently, resisting unionization. As a member of the association, the association in time of strike came to the assistance of Mr. Reade and helped him finance his resistance to unionization; is that correct?

Mr. MUNDIE. That is correct.

The CHAIRMAN. Have you checked the same figures for the same period of time with regard to the union, how much it spent?

Mr. MUNDIE. I have, sir.

The CHAIRMAN. Will you give us that figure?

Mr. MUNDIE. I will. The records of 394 disclose during the period of strike, from October 1955 to 1957, they disbursed \$111,620.80.

The CHAIRMAN. \$111,620.80.

(At this point, Senator Mundt entered the hearing room.)

The CHAIRMAN. And the other figure by the association was what?

Mr. MUNDIE. \$118,998.41.

The CHAIRMAN. So there was an economic struggle or battle between the two the same as the other efforts, each to maintain their position.

Mr. MUNDIE. That is correct.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

TESTIMONY OF EDWARD H. READE—Resumed

Senator GOLDWATER. Mr. Reade, what has been your annual volume? Let's take 1954. What was your volume in this restaurant?

Mr. READE. I believe it ran a little over \$200,000 for the year.

Senator GOLDWATER. This strike ended in 1957. In the months since that time with no picket line, has your volume come back up to the \$200,000 level?

Mr. READE. No, sir.

Senator GOLDWATER. About what do you think it will run for the 12 months from November to November?

Mr. READE. It will run much smaller than that, but there is one thing to take into consideration, that I am operating 6 days a week now instead of 7 days a week. Although if we compensated for that, my volume would be down, I would guess, in the neighborhood of 25 percent. I am talking off the cuff. I don't have sufficient figures with me to actually verify that.

Senator GOLDWATER. The strike started in November of 1955. How soon after the pickets were placed outside did you begin to feel your volume going off?

Mr. READE. It had an effect immediately, and it varied from time to time. I had overcome a great deal of the effect of the strike up until March 18, when the union brought out a large number of people and put on a big demonstration out there.

At that time they threatened customers, they cut tires, they broke windshields, and they did generally anything they saw fit to do, including assaulting one of my customers because he objected to them breaking his windshield.

Senator GOLDWATER. How low did your volume get during the strike as a result of the strike?

Mr. READE. It got down under \$100,000 for the year. And I am still talking off the cuff, sir. I am not exactly accurate. But it is under \$100,000.

Senator GOLDWATER. What was your profit running, if you care to say, in 1954, say, before the strike?

Mr. LANCASTER. Mr. Mundie just gave the figure of \$16,000.

Mr. READE. That was the figure. It was right around \$16,000 to \$17,000, and I think it ran in some years higher than that. Getting back to those figures that Mr. Mundie used, I believe that he stated that there was a large figure picked up in 1956 that distorted that picture, but was compensation for the rent for the tail end of 1955.

I believe if that amount of money were taken out of the figures that he used, it would reduce that figure under what I was earning, although that figure was never arrived at on the basis of our previous earnings. It was arrived at on the basis of the market value of the property at the time.

It was not based on any previous earnings.

Senator GOLDWATER. Your profit, then, is between \$16,000 and \$17,000 on a \$200,000 volume, and your volume fell off to, you say, under \$100,000. What would your profit picture have been on that much loss in volume?

You would not have made a profit?

Mr. READE. I would have gone into the red.

In fact, I have run into the red every winter—that is, we have gone into the red every winter since we have been in business with the exception of one winter, when our volume drops down. In the summer, our volume picks up. It usually peaks in July and August, and then it will start a gradual decline. I usually run into red figures in December, January, and February, and at that point I begin to pull back. In most years I will get back and make up enough to get out of the red some time during the month of May.

Then from May on I usually operate at a profit due to the much greater volume of business.

Senator GOLDWATER. How long could you and your partner have withstood this strike economically?

Mr. READE. We could not have stood it at all. We would have had to close our doors immediately, without assistance of the Chicago Restaurant Association.

Senator GOLDWATER. Is it a part of the restaurant owners' agreement with the restaurant association in Chicago that this type of joint action will be taken in the event of a strike?

Mr. READE. I didn't quite understand that question, sir.

Senator GOLDWATER. Is it part of your agreement, if there is an agreement, written or verbal, with the restaurant association, that this type of economic assistance will be given to you in the case of a strike?

Mr. READE. It is the understanding that they will furnish you with any assistance that is arrived at by the committee that handles that. Each situation is voted on and handled individually by the committee that handles that particular activity.

I don't believe that there is any cut and dried rule for handling it that would apply in every case. That is my understanding of it.

Senator CURTIS. Mr. Chairman?

Senator GOLDWATER. I am finished.

THE CHAIRMAN. Senator Curtis.

Senator CURTIS. During the 2 years that the strike was going on, with the picket lines and other activities around there, did the union at any time request an election of your employees?

Mr. READE. No, sir.

Senator CURTIS. That is all.

THE CHAIRMAN. The Chair would make this observation: According to my calculation, the association and the union spent a total of \$230,619.21 in this conflict over whether your plant should be a union plant or whether the union should not be recognized.

That, of course, does not take into account losses or damages that may have occurred by reason of vandalism, I suppose, and maybe other intangible losses that were sustained or expenses incurred by either side.

It presents a problem that I think is pretty well common throughout the whole management-labor relationship. When such an issue is so firmly drawn as to whether a plant should be organized or not, I think the proper thing would be to provide for an early election, supervised by some proper authority established by law. Thus, economic loss would be held to the minimum, and relations, in my judgment, would be enhanced and benefited. It would be better than to resort to these economic struggles.

I therefore feel that in most instances these things could very well stop bitter strikes, which involve such great economic loss to both sides. They could well be avoided if unions of good faith and management of good faith would simply do what I consider the proper thing in democratic processes and submit to an honest election of the employees to express their will as to whether they want to belong to a union, a majority of them, or whether they do not.

That is not in criticism of either side. It is just one of those things that we run into as we investigate this area of economic activity in our country.

I do believe that the worker himself has a right, as well as the union officials and the owners or management of a business. Where a majority of the employees want to belong to a union, I feel they have a right to do it and a right to express themselves free of any intimidation or coercion, just as the American people do in choosing their public officials.

I am hopeful that as a result of these hearings, Congress will, in its wisdom, find some way, enact some law, that will go along a long way toward eliminating these economic conflicts, actually from which no one really profits.

Senator KENNEDY. Mr. Chairman?

The CHAIRMAN. Senator Kennedy.

Senator KENNEDY. Were you paying union wage scale at the time this matter came before you?

Mr. READE. Mr. Kennedy, I don't believe that there has ever been a union contract negotiated out in my neighborhood. I understand that there is a printed list that has been copied from some prior contract that is being passed around as a union contract. But to my knowledge, there has never been a union contract negotiated out there. For that reason, I don't believe that there is a union wage scale established out in that area.

Senator KENNEDY. You don't know what the union wage scale is?

Mr. READE. No, sir.

Senator KENNEDY. Does the committee have any information on that?

Mr. KENNEDY. According to the booklet that is put out by the restaurant union, the restaurant agreement that I think was negotiated by Mr. Gutgsell, from August 1, 1955, to May 31, 1956, this is a breakdown.

Senator KENNEDY. It says there were 4 miscellaneous workers whom, we can compute from the information at hand, were paid below scale at a savings of \$1,700, and 12 waitresses paid below the scale, at a

savings of \$1000, and the yearly saving of the 16 employees was \$2,700, according to the information of the staff, secured by paying below the union wage scale.

Mr. READE. I believe Mr. Gutsell established the fact that he was the one that negotiated that particular contract that you are using.

I believe that was negotiated for some of the downtown places that have an entirely different problem and an entirely different situation than I have. If we are put in the same bracket as an operation of that type, we will be put out of business. We cannot compete with the London House on any basis. The London House, I believe, gets 25 to 50 cents for a cup of coffee.

Senator KENNEDY. Wait a minute. What were you paying your waitresses?

Mr. READE. Sixty cents an hour.

Mr. KENNEDY. It says for local 394 and—

Mr. READE. That is a printed copy. But to my knowledge there has never been any contract negotiated. And anybody can print a copy of a wage scale and that does not establish it as a proper and legal instrument. For that reason, I do not consider that a legal and proper instrument.

Senator KENNEDY. Do you have 30 employees?

Mr. READE. At the present time I have about 27, and it is ranging in that neighborhood; yes, sir.

Senator KENNEDY. How many cards were signed by the employees for a union? 19?

Mr. READE. I don't know, sir.

Senator KENNEDY. Did you ever examine these cards?

Mr. READE. No, sir.

Senator KENNEDY. You have never seen them before?

Mr. READE. No, sir.

Senator KENNEDY. The lawyer for the restaurant association did not tell you that they represented a majority of your employees?

Mr. READE. Mr. Gutsell, the lawyer for the Chicago Restaurant Association, told me that they claimed representation. That is the entire extent of what he told me.

Senator KENNEDY. What?

Mr. READE. That is the entire extent of what he told me.

Senator KENNEDY. Mr. Gutsell testified before this committee that he informed you that a majority of your employees signed the cards desiring union recognition.

Mr. READE. I also believe that Mr. Gutsell released a statement to the Chicago papers that he conducted an election at the Nantucket Restaurant, which was printed in the Chicago papers, which was very detrimental to my business, and to my knowledge he has never retracted that statement.

Senator KENNEDY. Did anybody ever tell you that they had a majority of the signatures of your employees? No one ever told you that?

Mr. READE. I made the statement earlier, before you arrived, that Mr. Cullerton told me over the phone that he represented about 25 of my employees, and never made any more of a specific statement to me than that.

Senator KENNEDY. I think, as previous witnesses have testified, what is needed, of course, is a mechanism in the State of Illinois that can take care of these matters. That is all.

Senator MUNDT. Mr. Chairman?

The CHAIRMAN. Senator Mundt.

Senator MUNDT. I notice that during the 2 years, Mr. Reade, that your restaurant was under strike, that the Chicago Restaurant Association paid you \$118,000 plus, almost \$119,000, to compensate you for your losses; is that correct?

Mr. READE. That is correct; yes, sir.

Senator MUNDT. As a quid pro quo against that, you having paid into the restaurant association, I suppose—for how many years prior to that?

Mr. READE. Well, we opened for business, I believe, a little over 17 years ago. My brother was killed toward the end of the third year. Prior to his death, he had signed up the Nantucket Restaurant as a member of the Chicago Restaurant Association.

Senator MUNDT. Are those payments to the Chicago Restaurant Association on an annual basis, fixed fee, so much per year?

Mr. READE. We have regular association dues.

Senator MUNDT. Based on the size of the restaurant or the amount of business you do?

Mr. READE. It is broken down into brackets of numbers of employees.

Senator MUNDT. About what would your annual membership fee be in the Nantucket Restaurant?

Mr. READE. I am sorry, sir, I cannot answer that question. I believe maybe Mr. Mundie might have the figures there. I am perfectly willing to accept his figures of what we paid out.

Senator MUNDT. Do you have those figures?

The CHAIRMAN. Mr. Mundie advises the Chair that he did not check those figures. We do not have them.

Senator MUNDT. You have a rough idea, of course, Mr. Reade, how much you pay per year into the Chicago Restaurant Association.

Mr. READE. I would say it is in the neighborhood of \$50 or \$100 a year membership dues, and then we pay to the voluntary contribution, and that figure has varied from time to time.

It is based on the number of employees, and goes up and down in amounts. But I could not give you those figures.

Senator MUNDT. Does it go up and down in amounts something the way a mutual insurance company would? I mean, if there are a lot of payouts to make, you get an assessment?

Mr. READE. Yes, sir. When conditions necessitate additional funds, the board of directors vote to raise the amount.

Senator MUNDT. I am advised by a member of the staff, and this may be just an educated guess, maybe not too well educated, that in the last 14 years you have paid in dues just about \$5,000. Maybe \$5,200. Would that seem to be roughly correct?

Mr. READE. That could quite possibly be in the neighborhood.

Senator MUNDT. In the neighborhood?

Mr. READE. Yes, sir.

Senator MUNDT. Could you give us any educated guess as to the amounts you have paid in assessments or the voluntary contributions?

Mr. READE. No, sir; I could not.

Senator MUNDT. This has to me, Mr. Reade, been a rather confusing picture as it has unfolded. In trying to visualize what is happening in Chicago, I want to present one hypothesis, which occurs

to me as possibly being the picture. It may be far off base. It may be accurate. But as this thing unfolds, it would seem to me that you have on the one hand these unions, and the union leaders, trying either to organize your employees, or, two, to utilize the fact that you have employees to make you pay assessments to them so that the union leaders have good plush jobs for themselves.

And, that they create by picketlines, vandalism, threats, and intimidation, an area of fear and unrest and uncertainty on the part of the restaurant owners.

So as a defensive mechanism against that, you have what is called the Chicago Restaurant Association, into which you pay contributions, more or less the way you would pay insurance against fire, theft, or casualty. It is insurance against being put out of business by a labor disturbance. Your fees and assessments vary in accordance with the property involved, and the losses of the association the way a farm mutual tornado company might operate out in South Dakota.

Sometimes you don't have an assessment for several years. Then Old Man Weather goes on the caprice, knocks out a couple of buildings, and you get a big assessment for a couple of years.

Is that a reasonable hypothesis or not?

MR. READE. Yes, sir, that is a very reasonable analysis of the way it works. It is in the form of a mutual group insurance protection against.

(At this point, Senators Goldwater and Curtis withdrew from the hearing room.)

Senator MUNDT. Either because Congress has failed to pass the appropriate legislation, which seems to be a reasonable hypothesis to me, because twice this year the Senate has failed to seize the opportunity to correct the situation, or because law enforcement has broken down in Chicago or for some other reason, the pressures continue to mount on the part of labor, and the resistance tactics, consequently, have to expand on the part of management.

But in between, it seems to me, the workers and the restaurants of Chicago, instead of being benefited are being hurt. Mr. Marienthal testified yesterday that when the pressures got to a certain extent in his shop, he capitulated. He made all the employees join the union. But instead of their getting better wages, it simply meant that they got the same wages they got before, less the union dues.

So their take-home pay was less after they joined the union than before. Is that what is happening out there?

MR. READE. I would like to state that to my knowledge the union in question has never operated as a union, and that there should be some proper certification of anyone operating under the guise of a union before they are allowed to go out and prey on the public or business people.

Senator MUNDT. I agree with you 100 percent. If you can wear the label of union, you get certain immunity under the law, and certain exemptions. It is a very convenient name to be called, as a union, if you are operating as an activity or an association.

Some attention should be paid to answering the question of what is a union and when is a union legitimate, and, can you have a union which does not even pretend to serve the so-called members, but is sort of used as a whiplash to make collections, which it sort of looks to me in the instant case to be what is occurring out there.

Let me ask you this in conclusion. This is a bad situation any way you look at it. The responsibility of this committee is to try to find some answer to it if we can. Would you have any suggestions, out of the abundance of your own experience, as to anything that could be done, legislatively, or through law enforcement, to correct the kind of situation which exists in Chicago in this connection?

(At this point, Senator Kennedy withdrew from the hearing room.)

Mr. READE. As I stated before, I think that one of the greatest things that we need is to have any labor organization properly certified as a union, and that they conduct themselves in the proper manner, and that anyone deviating from that should be prohibited from participating in union movement.

I think that anyone whose reputation is questionable, beyond a point of reason—and I don't mean because somebody happened to get in one little trouble that they should be banned for life from doing anything, but people who have established themselves as criminals and repeated criminals and repeated criminals, to be able to go in and take over these unions and force their wishes upon the union membership is the most terrible thing that ever happened in this country, in my opinion. I believe you have established from your hearings down here that those things are going on all the time. The only way it can ever be corrected is to prohibit it. I would rather say that in my opinion had I made any agreement with this local 394, I would have been more in violation of the law than I was to resist making an arrangement with them, because they are not running a union, have never run a union, and evidently don't intend to ever run a union. The records stand on that fact.

Senator MUNDT. Is the basic reason that you have formed an organization called the Chicago Restaurant Association, and developed this collective resistance to unionism, the fact that in Chicago the Restaurant Union has fallen into the hands of thugs and people with whom you simply cannot deal at arm's length on a legitimate basis?

Mr. READE. I think the happenings at the Nantucket Restaurant for 2 years and 2 weeks perfectly demonstrate the fact that it is impossible for me to get any relief from anybody under any conditions, and the only help that I was able to get was the support of my fellow restaurant people who participated in this voluntary contribution. There is no other way to stop these people at the present time which has been explained to me as because we are in a no man's land. I believe that is the way it has been explained. We neither are protected by the local government or the Federal Government, or we are not given relief by the local government or the Federal Government.

We might be protected but we are not given relief.

Senator MUNDT. And without this so-called insurance benefit payment of \$118,998.71 in 2 years, I suppose your restaurant business would have been broke?

Mr. READE. No, sir: it would not have been broke, because I realize the seriousness of the situation, and I would have closed my place of business and liquidated what little assets I had, and probably gone back down to Georgia where I came from.

Senator MUNDT. Well, that is one way to escape going broke. You would have been put out of business.

Mr. READE. I would not have dissipated what little assets I had, and practically everything I had was tied up in the Nantucket Restaurant.

Senator MUNDT. I think my statement would stand. I didn't mean that Harold Reade would be broke but his business would be broke.

Mr. READE. Yes, sir; that is correct. And every other businessman faces the same problem.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Teitelbaum.

Mr. TEITELBAUM. Senator Kennedy, may I make a statement prior to being sworn in this matter?

May I be given permission by the committee? I would like to make a statement.

The CHAIRMAN. The Chair has called you as a witness. You are under subpoena. The first thing you will do will be to be sworn as a witness.

Mr. TEITELBAUM. I would still like to renew my request, Senator McClellan, and Senators. If you will listen to my statement, it will only take a few minutes. I promise not to unduly delay you.

The CHAIRMAN. I do not know what your statement is.

Mr. TEITELBAUM. I think it is very important and pertinent to the issues.

The CHAIRMAN. We require all witnesses to be sworn. Then if you want to make a statement, we will hear you. If you wish to make a request to the committee about anything that comes under the rules, that request may be made.

But we are not here to just hear speeches made. We are here to get evidence. You are under subpoena.

The Chair suggests—

Mr. TEITELBAUM. Senator McClellan, I have a high regard for this committee and for its purposes, but I would like to go ahead and still make this statement, because I feel that this statement will be pertinent to a lot of things.

The CHAIRMAN. The Chair is perfectly willing for you to make a statement under oath. After you are sworn, you may make your statement. I do not want to hear a statement that is not under oath, that pertains to the matter the committee is investigating.

Mr. TEITELBAUM. That is your prerogative. If the committee feels that way, I will abide by the committee.

Senator MUNDT. What is there about your statement that you don't want to make it under oath?

Mr. TEITELBAUM. It is unusual, but I have had previous experience with the committees, and notably one was the King committee in 1951, and as a direct result of testifying voluntarily, I became an innocent victim, and as a result of jeopardy assessment by the Internal Revenue Department was made against me, which I fully paid, and thereafter I went through two indictments for income tax.

Senator MUNDT. There is this distinction, may I suggest to the witness, that the statement is your own, and, consequently, you can't

place yourself in jeopardy by the statement under any other law except perjury. If you are to tell us the truth, which I presume you want to do, you will lose nothing by making it under oath. I can't understand why you don't want to make it under oath.

Mr. TEITELBAUM. For over 15 years, the Internal Revenue Department has been hounding me.

Senator MUNDT. You don't have to talk about your finances unless you want to. It is your statement.

Mr. TEITELBAUM. I understand that. That is the reason why I want to explain to the committee why I am taking the procedure that I am going to in this matter.

Senator MUNDT. I think the Chair is eminently correct. The statement should be under oath, unless you can provide some good reason why it should not be.

The CHAIRMAN. We can't establish a precedent here.

Mr. TEITELBAUM. I am not looking for a special immunity.

The CHAIRMAN. Just a moment. We cannot establish a precedent here in this committee of calling people up here as witnesses and then let them make a speech or make statements relevant, possibly relevant, to the subject matter the committee is inquiring into, and not make it under oath.

We have tried to keep the integrity of this record since the committee began. I have not placed telegrams in the record unless they are placed there under oath, letters or anything else.

Senator MUNDT. May I say for your comfort and convenience, Mr. Teitelbaum, that this committee has quite a record of putting people under oath. At one time when I was serving as acting chairman, we put the committee members under oath.

This is nothing unusual.

Mr. TEITELBAUM. But I understand also like when a witness testifies voluntarily, as I did before the King committee, I am entitled to certain immunities and protection, too, which I did not receive. That is the reason I wanted to make the statement. However, I will abide by this committee—

The CHAIRMAN. That relates to the activities of another committee.

Mr. TEITELBAUM. Some of the members of that committee are the members of this committee.

The CHAIRMAN. Well, it is not the same chairman.

Senator MUNDT. Not I.

The CHAIRMAN. I believe with the cooperation of the other members of the committee, I believe we will give you a fair hearing.

Mr. TEITELBAUM. I have a high regard for your committee, and a high regard for Mr. Kennedy and his associates. I might say, I will abide by your ruling.

However, I wanted to make a statement which I felt was fair to everybody concerned.

The CHAIRMAN. You may hand your statement out to the press, if you want publicity on it, that is your privilege. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, so help you God?

Mr. TEITELBAUM. Yes, sir.

TESTIMONY OF ABRAHAM TEITELBAUM

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. TEITELBAUM. My name is Abraham Teitelbaum. Further than that, I refuse to answer on the grounds enumerated as follows:

First, I claim protection under the first amendment to the United States Constitution, and which protects me and protects every citizen from unlawful search and seizure.

My second ground is under the fifth amendment, that anything I may testify may tend to incriminate or degrade me. That is second.

Third, I claim protection under the sixth amendment to the United States Constitution on the ground that everybody is entitled to counsel, the right of counsel, and the people that I have represented and who have retained me as counsel are entitled to their privileges and immunities and as guaranteed every citizen of the United States, notably the right to keep their testimony in a confidential capacity, similar to a priest and parishioner, and doctor and patient, as well as attorney and client.

I also claim the privileged immunities as guaranteed me under the 16th amendment of the Constitution of the United States, which is known as the income-tax amendment, which has been in force in our country since 1913, under which I gave testimony before the King committee in the year 1951, and as a result of such testimony I received a jeopardy assessment and thereafter I was indicted twice by the United States Government for income-tax evasion.

As a result of that, I faced two disbarment proceedings in the State court, as well as in the Federal courts, in which I defended them successfully pro se. I have pending in the United States Tax Court two tax cases in which I am the petitioner, seeking a refund of my taxes. My testimony here may tend to embarrass those proceedings, and, therefore, I feel that my testimony might prejudice me for the reasons heretofore enumerated.

I will refuse——

The CHAIRMAN. Have you concluded now your objections to testifying?

Mr. TEITELBAUM. Yes, I have.

The CHAIRMAN. The Chair overrules all objections interposed by the witness save and except the fifth amendment.

Mr. TEITELBAUM. I duly except to your ruling, respectfully.

The CHAIRMAN. The Chair will ask you if you have counsel or if you waive counsel.

Mr. TEITELBAUM. I don't think I need any counsel.

The CHAIRMAN. Then I assume you waive counsel?

Mr. TEITELBAUM. I waive counsel. And I resent the fact that in the papers of both Washington and in Chicago it was stated that I was looking for counsel or representation. They printed stories of what I have already testified to. I already said that.

The CHAIRMAN. The resentment, as I understand you, is directed against the press and not against the committee.

Mr. TEITELBAUM. I have the highest regard for this committee.

The CHAIRMAN. Thank you very much. Are you an attorney at law?

Mr. TEITELBAUM. I have given my objections and it will be the same objection to that question, too.

The CHAIRMAN. The question is, Are you an attorney at law?

Do you wish to answer, or do you wish to object?

Mr. TEITELBAUM. I claim my rights and privileges under the 1st, the 5th, the 6th, and 16th amendments.

The CHAIRMAN. Your objections are overruled except as to the fifth amendment. I will ask you this question: Do you honestly believe that if you answered the question truthfully, the question of whether you are a practicing attorney, if the answer to that question might tend to incriminate you?

Mr. TEITELBAUM. Yes. The same answer.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Teitelbaum, could you give us a little of your background? Where you were born?

Mr. TEITELBAUM. Same objections, Mr. Kennedy, with all due respect to you.

Mr. KENNEDY. Tell us the date you were born.

The CHAIRMAN. If you are going to say "Same objection," let the record show in response to each question and answer such as it may be, if that objection is interposed, that the Chair overrules all of the objections, save and except, if and when the witness properly invokes the fifth amendment. All right.

Mr. TEITELBAUM. Senator McClellan, I will hereafter, in order to save my voice and save your voice, save the idea of being repetitious, I am going to stand mute after every question. I am interposing the same objections that I have heretofore noted.

The CHAIRMAN. Let the record show that. We will have that understanding. The record will reflect that upon the asking of each question, the witness interposes all of the objections he has stated heretofore. The Chair has overruled all of those objections save and except the objection based upon the fifth amendment, which is the witness shall not be required to give testimony against himself, or testimony that might tend to incriminate him.

The Chair will not recognize all of the objections as to each question asked save and except the fifth amendment. That is the only one recognized as a valid objection, or a valid reason for declining to answer questions. As the questions are asked, the witness will be required, if he so desires, to invoke the fifth amendment.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Could you just tell us the date of your birth, Mr. Teitelbaum? You can tell us that.

Mr. TEITELBAUM. I am standing mute.

Mr. KENNEDY. You are not standing mute.

Mr. TEITELBAUM. I am sitting mute.

Mr. KENNEDY. You have to answer something so that I know that you hear the question.

The CHAIRMAN. Did you hear the question?

Mr. TEITELBAUM. I heard the question.

The CHAIRMAN. You understood it?

Mr. TEITELBAUM. I understood it.

The CHAIRMAN. The Chair directs you to answer the question: Where were you born?

Mr. TEITELBAUM. I claim the immunities as I have heretofore stated.

Senator MUNDT. Mr. Chairman, I think the witness started out by saying he was not looking for trouble. He had trouble with the King committee. But he is now hunting for it.

There is a grave doubt as to whether any court is going to sustain the use of the fifth amendment concerning the fact that you were born, or where you were born and when you were born.

The fifth amendment is not something that you can just use frivolously as part of a TV show.

Mr. TEITELBAUM. I did not bring this TV show, Senator Mundt.

Senator MUNDT. Just a moment. It is something that you can only use seriously in order to protect yourself against self-incrimination, and this committee recognizes that right. But it does not recognize a right that you can simply flash a card that you will take the fifth amendment on any question, when it is clearly obvious that an honest answer could not in any way incriminate you.

Mr. TEITELBAUM. Evidently, Senator Mundt, you are not acquainted with the fact that once I testify as to any particular subject, it will open the door to a lot of things.

Senator MUNDT. I am acquainted with that fact.

Mr. TEITELBAUM. If you want to take the privilege upon yourself to protect me—

Senator MUNDT. That fact is not involved in asking you where you were born, or when you were born, because there is nothing involved that is relevant in these hearings that could in any way incriminate you by virtue of the fact that you were born in any country in the world, I don't know where it was, or that you were born in any year.

I quite agree that if we would ask a leading question and say, "Did you know Mr. Romano," for example, and you said "Yes," and then took the fifth amendment on the next question, then you would be destroying your immunity.

But you are not destroying your immunity when you answer a question as to where you were born.

You are moving in the direction of requesting a citation for contempt of Congress.

Mr. TEITELBAUM. I am not looking for a citation from anybody, contempt or otherwise. However, I want you to know, Senator, that after 29 years of practice of law, I feel that once I testify as to any particular subject that all goes into a line of questioning which is endless.

The CHAIRMAN. Let the record show the witness states that he has practiced law for 29 years. Proceed, Mr. Kennedy.

Mr. KENNEDY. You wouldn't answer that question?

Just where were you born?

Mr. TEITELBAUM. No.

Mr. KENNEDY. I can't hear you.

Mr. TEITELBAUM. No.

Mr. KENNEDY. On what ground?

The CHAIRMAN. Just a moment. Well, all right. On what grounds?

Mr. KENNEDY. What grounds?

Mr. TEITELBAUM. First, fifth, sixth, and sixteenth amendments to the Constitution of the United States.

Mr. KENNEDY. Could you tell us how old you are?

The CHAIRMAN. Let the Chair ask a question. Do you honestly believe that if you answered the question truthfully as to where you were born, a truthful answer to such question might tend to incriminate you?

Mr. TEITELBAUM. I think so.

The CHAIRMAN. Proceed.

Mr. TEITELBAUM. It might.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. You were with the Chicago Restaurant——

Senator MUNDT. I would like to ask a question. When were you born?

Mr. TEITELBAUM. I would have to make that same objection. I think the same question was propounded to me by Mr. Robert Kennedy, Senator Mundt, with due respect to you.

Senator MUNDT. You can do anything you want to. I am asking you the question: When were you born?

Mr. TEITELBAUM. I refuse to answer that question, Senator.

Senator MUNDT. On what ground?

Mr. TEITELBAUM. On the 1st, 5th, 6th, 16th amendments.

Senator MUNDT. Mr. Chairman, I suggest that you order the witness to answer that question.

The CHAIRMAN. Just a moment, let me get his answer clear.

On what amendments do you refuse to answer the question?

Mr. TEITELBAUM. On that particular one, on the fifth amendment.

The CHAIRMAN. On the fifth amendment.

Do you honestly believe that if you gave a truthful answer to the question, that a truthful answer might tend to incriminate you?

Mr. TEITELBAUM. It might.

The CHAIRMAN. Proceed.

Senator MUNDT. Mr. Chairman, I suggest that you insert into the record at this point that he be ordered to answer that question. I think we should find out sooner or later whether the witnesses can make a complete public mockery out of the fifth amendment or not. This obviously is an attempt to do that. Maybe the courts will so hold. But let's get it buttoned down in these hearings so we can test it out.

We can just as well close up shop and quit this investigating business if we let witnesses show contempt for the committee in that way and use what is obviously a capricious and frivolous use of the fifth amendment, either for the entertainment of television viewers or some other reason.

I think we should button this down and insist that he answer. If he refuses, the committee will have the evidence on which we can act in executive session. The question is simple and cannot in any way incriminate him when we ask the question, "When were you born?"

He is not up for draft evasion, he is not up for any conceivable kind of question which in any way at all could incriminate him by telling us the date of his birth.

The CHAIRMAN. The Chair will make this observation: As our official record, the transcript of our proceedings, will repeatedly reflect, we have a number of instances where, in the view of the Chair, and I am sure in the view of the committee, witnesses have capriciously refused to answer questions that are at least preliminary to laying a

foundation for the real meat of the information sought by the committee.

We have, on a number of occasions, ordered witnesses to answer. We have a number of instances where, in my judgment, the committee is wholly justified in asking the United States Senate to approve a charge of contempt before this committee. I am hopeful that at some early date—the committee has been tremendously busy and occupied, as we all know—that we can hold an executive session and have the staff prepare for us the instances, give us a list of them, and the circumstances of the testimony or the refusal to testify, so that the committee can give serious consideration to citing those witnesses for contempt.

Mr. TEITELBAUM. Senator McClellan?

The CHAIRMAN. Just a moment.

Mr. TEITELBAUM. Pardon me.

The CHAIRMAN. Since this witness is even refusing to state where he was born or when he was born and invoking the fifth amendment on them, and since there are many questions that the committee desires to ask on matters of importance, of definite relevancy and pertinency to the subject matter of this committee's inquiry, and to the carrying out of its function, the mandate given it by the United States Senate, the Chair at this point, with the approval of the committee, orders and directs the witness to answer two questions:

First, where were you born?

Mr. TEITELBAUM. I refuse to answer that question.

The CHAIRMAN. Second, when were you born?

Mr. TEITELBAUM. I give the same answer to that.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. TEITELBAUM. Mr. McClellan, I would like to make this statement before you certify any statement.

You come from the great State of Arkansas, or some people call it—

The CHAIRMAN. Where I come from does not particularly matter.

Mr. TEITELBAUM. That is what I am trying to make out, the same objection.

The CHAIRMAN. Just a moment. The Chair is not ashamed of where he came from, where he was born, or when he was born. I would be very glad to answer any question—

Mr. TEITELBAUM. Do you see any relevancy to what that question is to my matter? That has no relevancy here.

The CHAIRMAN. You are a lawyer.

Mr. TEITELBAUM. Yes. I respect you. I think you should respect my rights.

The CHAIRMAN. The Chair is not going to tolerate very much diversionary tactics.

Proceed, Mr. Kennedy, with the question.

The witness wants to know how to take care of himself, if he wants to invoke the fifth amendment.

Senator MUNDT. May I say, Mr. Chairman, I doubt very much the desirability or advisability of proceeding further with a witness of this type. If he will not answer a question to identify himself as the Teitelbaum in question by giving the date and place of his birth, which are completely relevant to establish the identity of the witness, it does not make much difference.

We have the case buttoned down. We can cite him for contempt and let the Senate act on it, and then let the courts decide on it. He has been a lawyer for 29 years. I have not been a lawyer for 29 minutes. All I want to do is to prevent this committee from being held up to public scorn, because it stands here and asks questions which are completely relevant, which cannot possibly incriminate him, and the man makes frivolous use of the fifth amendment.

Mr. TEITELBAUM. Senator Mundt, evidently you did not hear my first statement. I have a high regard for the aims and purposes of this committee. I don't care to go ahead and elaborate more than to say that its aims and purposes are wonderful.

I tried to make a statement before I was sworn in as a witness.

The CHAIRMAN. I think the committee will agree with you on that statement.

Mr. TEITELBAUM. There is no argument on that.

The CHAIRMAN. But the Chair, unless he is overruled by the committee, is going to proceed to have this witness interrogated regarding the subject matter that we are now inquiring into. He has information, so we are advised, that would be of great value to the committee.

I assume he is a citizen of the United States. He owes a duty to his country to cooperate. Of course, if a witness honestly believes that if he answers a question truthfully a truthful answer might tend to incriminate him, he has the privilege of invoking the fifth amendment for his protection.

Senator MUNDT. Mr. Chairman, that is a very happy thought.

The CHAIRMAN. I certainly want this witness interrogated about those things, some of which have already been testified to here. The witness, in all fairness to him, should be given an opportunity to explain. And if he takes the position he cannot explain, comment, or give testimony on these matters, because such testimony might tend to incriminate him, that is a matter then that is a privilege he has, unless he abuses that privilege.

And if he does abuse it, I do not know what the Supreme Court will hold. I know what I think it should hold. I don't think the fifth amendment was ever intended to be a device, and to be arbitrarily and capriciously used, simply to refuse to give testimony before a duly authorized tribunal.

I think it meant when it said that a witness shall not be compelled, in effect, to give testimony against himself. But I am quite confident that we can ask this witness many questions that he can very well answer, and answer truthfully, without giving testimony against himself. I want to make that record. I want to give the witness the opportunity to do so. If he declines, or persists in what he may be intended to persist in at the moment, then he makes the record accordingly.

Senator MUNDT. Mr. Chairman, I am perfectly willing to listen to the questions by counsel on that basis. Before doing so, there is a question I would like to ask the witness and have you order and direct him to answer it, in the event he declines.

Before asking it, Mr. Teitelbaum, I would like to say that while I am not a lawyer, I have, through the process of osmosis down here, learned some things about law.

Mr. TEITELBAUM. That doesn't make you a doctor, either.

Senator MUNDT. And as a consequence, I think I recall a decision by the courts that to resort to the fifth amendment in answer to the question of "Are you a citizen of the United States," cannot be taken by a person who is a citizen of the United States.

If you are not a citizen, you can take the fifth amendment with complete immunity. I believe if I ask you the question which I am going to ask you, are you a citizen of the United States, and you are in fact, a citizen, the courts have ruled that that is not a proper use of the fifth amendment.

With that prelude, Mr. Teitelbaum, I ask the question: Are you a citizen of the United States?

Mr. TEITELBAUM. I am going to invoke the 1st, 5th, 6th, and 16th amendments. The reason I am doing that, Senator Mundt, is not for the purpose of embarrassing or hindering this committee; but, once I open the door, if you will, give me your personal assurance and guaranty of this committee that once I talk about one particular phase as to preliminary matters that I can successfully invoke the 1st, the 5th, the 6th, and the 16th amendments and whatever guaranties and immunities that the Constitution of the United States guarantees me as well as other citizens.

(At this point, the following members are present: Senators McClellan and Mundt.)

Senator MUNDT. The more I hear from you, Mr. Teitelbaum, the less inclined I am to grant you any assurances of immunity at all, and so I couldn't do that. But I am going to ask you the question again, and I will ask the Chair to order and direct you to answer the question if you refuse: Are you a citizen of the United States?

Mr. TEITELBAUM. When I made that objection or request of you, I inferred essentially that I answered your question when I said I am entitled to the privileges and immunities of citizens of every State.

Senator MUNDT. We don't want to have the fifth amendment used by inference. Let us get it out in the open because this probably is going to be a very interesting test case, and ably defended by a lawyer of 29 long years of experience.

I want to ask you the question. I want to get a direct answer. Are you a citizen of the United States?

Mr. TEITELBAUM. I am invoking the privileges and immunities as citizen of the United States?

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question. Are you a citizen of the United States?

Mr. TEITELBAUM. I duly accept your thought, and I claim my privileges under the fifth amendment.

The CHAIRMAN. The Chair again orders and directs you to answer the question.

Mr. TEITELBAUM. I have answered the question.

The CHAIRMAN. The record will stand as it is, and the committee will stand in recess until 2:15.

(Whereupon, at 12:35 p. m., the committee recessed, to reconvene at 2:15 p. m. the same day.)

AFTERNOON SESSION

(At the reconvening of the session, the following members are present: Senators McClellan, Ervin, and Goldwater.)

The CHAIRMAN. The committee will come to order.

TESTIMONY OF ABRAHAM TEITELBAUM—Resumed

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Teitelbaum, you were with the Chicago Restaurant Association?

Mr. TEITELBAUM. Mr. Kennedy, I plead the 1st, 5th, the 6th, and the 16th amendments to the Constitution of the United States, that the answer may tend to incriminate me and degrade me. I prefer the questions that you—

The CHAIRMAN. As I understand, you invoke the fifth amendment?

Mr. TEITELBAUM. Yes; as one of them.

The CHAIRMAN. All right. I think we have made the record clear that all of the original objections interposed by the witness to answering these questions, save and except the fifth amendment, have been overruled. The record will so reflect until such time as the Chair directs otherwise.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Could you tell us why the Chicago Restaurant Association hired you, Mr. Teitelbaum?

Mr. TEITELBAUM. I invoke the same—the same answer that I gave you.

The CHAIRMAN. If you want to invoke the fifth amendment, all right. But invoke it. Don't say "Same answer."

Mr. TEITELBAUM. I want to invoke all the various reasons.

The CHAIRMAN. I agreed to let the record show that you were invoking all of the others that you stated originally.

Mr. TEITELBAUM. Including the fifth amendment.

The CHAIRMAN. Yes; but I want the fifth amendment. That is the only one the Chair, the committee, is honoring that you are presenting, and if you want to invoke it, invoke it each time. If you want to repeat all of them over again each time, that is your privilege, and the Chair will not stop you. But I was trying to expedite it by letting the record show that they were invoked each time. Proceed.

Mr. KENNEDY. Mr. Teitelbaum, could you tell us how much money the Chicago Restaurant Association was paying you?

Mr. TEITELBAUM. I invoke the fifth amendment.

Mr. KENNEDY. According to our records, Mr. Teitelbaum, you were retained by the Chicago Restaurant Association in 1939; that initially you were receiving \$20,000 a year, plus a Christmas bonus. Your salary was increased to \$25,000 with the Christmas bonus adding anywhere from two to eight thousand dollars. In 1949, your salary went up to \$54,000.

In 1950, you were receiving \$125,000 a year, or \$10,400 a month. Is that correct?

Mr. TEITELBAUM. I am invoking the fifth amendment, besides the other amendments, the 16th, particularly.

Mr. KENNEDY. Your being retained by the Chicago Restaurant Association, did they know that you had been an associate or attorney for Al Capone?

Mr. TEITELBAUM. I invoke the fifth amendment.

Mr. KENNEDY. Did you know Al Capone?

Mr. TEITELBAUM. I still—same answer.

The CHAIRMAN. The Chair will ask you: Do you honestly believe that if you answered these questions that have been asked you truthfully, that a truthful answer thereto might tend to incriminate you?

Mr. TEITELBAUM. Tend to incriminate or degrade me. It may hold me up for public ridicule or contempt.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Teitelbaum, when I was talking to you when you were not under oath in the office yesterday, you said that you did know Al Capone. You told me and spoke very highly of him and said what a fine gentleman he was. If he was such a fine gentleman, why would it incriminate you to say whether you know him here under oath?

Mr. TEITELBAUM. The same answer, Mr. Kennedy.

The CHAIRMAN. Let me ask you: Did you make the statement yesterday in conference with counsel of the committee that you knew Al Capone?

Mr. TEITELBAUM. I invoke the fifth amendment and sixth amendment on that.

Mr. KENNEDY. Mr. Teitelbaum, according to our information you also know Tony Accardo. Is that correct?

Mr. TEITELBAUM. I invoke the fifth amendment on that.

Mr. KENNEDY. Tony Capezio?

Mr. TEITELBAUM. Fifth amendment on that.

Mr. KENNEDY. Paul Ricca?

Mr. TEITELBAUM. Fifth amendment on that.

Mr. KENNEDY. You knew the Guzik brothers?

Mr. TEITELBAUM. I invoke the fifth amendment.

Mr. KENNEDY. The Fishetti brothers?

Mr. TEITELBAUM. I invoke the fifth amendment.

The CHAIRMAN. The Guzik; is that the one called "Greasy Thumb"?

Mr. TEITELBAUM. I invoke the fifth amendment on that.

The CHAIRMAN. Can you give us any information at all how the name became attached to him, "Greasy Thumb"? Could you enlighten us on that any?

Mr. TEITELBAUM. I invoke the fifth amendment.

The CHAIRMAN. Do you think it would tend to incriminate you if you spoke the truth about what you know about these characters?

Mr. TEITELBAUM. I think it would; yes.

Mr. KENNEDY. You don't know how he got the name?

Mr. TEITELBAUM. I invoke the fifth amendment to not answer, Mr. Kennedy.

Mr. KENNEDY. James Weinberg? Did you know him?

Mr. TEITELBAUM. I invoke the fifth amendment on that.

Mr. KENNEDY. And Paul Labriola?

Mr. TEITELBAUM. I invoke the fifth amendment on that.

Mr. KENNEDY. Did you know of any plan by James Weinberg and Paul Labriola to throw you out the window of your office?

Mr. TEITELBAUM. I invoke the fifth amendment.

Mr. KENNEDY. Did they have an intention to kill you?

Mr. TEITELBAUM. I invoke the fifth amendment.

Mr. KENNEDY. Do you know what the reason for that was?

Mr. TEITELBAUM. The same answer, Mr. Kennedy.

Mr. KENNEDY. Did they want to take over the restaurant association?

Mr. TEITELBAUM. I invoke the fifth amendment.

Mr. KENNEDY. And do you know—

The CHAIRMAN. Can't you be helpful to us in dealing with an underworld gang, possibly as vicious as any the country has ever known.

You said of the committee this morning that it was doing a noble job, with its objective, and its purposes were worthy and worthwhile.

Can't you be a little helpful and tell us what you know about this element that we feel has infiltrated into the economic lifestream of the Nation and into management-labor relations to an extent to where it endangers, actually, the security of our country and the liberties that we all enjoy?

Can you not, as a citizen and as one who is a member of a highly recognized and distinguished profession, the law itself, can you not be cooperative and helpful with this committee in its effort to carry out the mandate the Senate has given it in this area?

Mr. TEITELBAUM. Senator McClellan, I have a high regard for you, I have a high regard for this committee, its purpose and aims. I have been terribly mistreated by a committee.

The CHAIRMAN. By what?

Mr. TEITELBAUM. By a committee, which sat, known as the King committee, in 1951, and as a result, I have been vilified, maligned, lost my position, and everything else, so, therefore, to that question I plead the fifth amendment.

The CHAIRMAN. Well, if I or anyone else developed and practiced and exercised the resentment against all humanity because one person may have mistreated him, if that became the way of life and habit and conduct of our people, civilization could not long endure.

Mr. TEITELBAUM. Senator McClellan, as a result of my testifying before the King committee, I was indicted for income tax. I had to stand trial on two cases.

I also had to stand trial for disbarment before the Federal court and the State courts, in which I was vindicated, as far as disbarment was concerned.

The CHAIRMAN. I think you ought to be thankful enough, then, and grateful enough, that you live in a country where you can be vindicated, when you cooperate with your Government, when it seeks to ferret out, expose, and legislate against, the nefarious underworld element that we know exists and which is doing great harm and injury to all of us.

Mr. TEITELBAUM. Senator McClellan, there is an old proverb: "If you fool me once, shame on you. If you fool me twice, shame on me." I don't want to have that. I plead the fifth amendment to that.

Senator ERVIN. We have not fooled you yet.

Mr. TEITELBAUM. No; not yet.

Senator ERVIN. No.

The CHAIRMAN. I think there is shame on anyone who takes the position that he can't cooperate with his Government, if you want my retort to what you just said.

Proceed, Mr. Kennedy.

Mr. KENNEDY. The information that we have is that you know Marty "The Ox" Ochs, is that right?

Mr. TEITELBAUM. I plead the fifth amendment on that.

Mr. KENNEDY. As well as Claude Maddox?

Do you know him?

Mr. TEITELBAUM. I plead the fifth on that.

Mr. KENNEDY. He just passed away 10 days ago. Did you know that?

Mr. TEITELBAUM. I plead the fifth amendment on that.

Mr. KENNEDY. How well did you know him?

Mr. TEITELBAUM. I will plead the fifth amendment on that question.

Mr. KENNEDY. And Cowboy Mirro, did you know him?

Mr. TEITELBAUM. I plead the fifth amendment on that.

Mr. KENNEDY. Do you know how he got his name, Cowboy?

Mr. TEITELBAUM. I plead the fifth amendment.

Mr. KENNEDY. You wouldn't help us on that. We understand that you hired this man to help you and assist you in your representing of the restaurant association, and that you hired Louis Romano.

Mr. TEITELBAUM. I plead the fifth amendment.

Mr. KENNEDY. Did you hire him?

Mr. TEITELBAUM. I am invoking the fifth amendment.

Mr. KENNEDY. And that he is also mixed up with Al Capone's syndicate, and that he helped you in representing these various restaurants. Is that correct?

(At this point, Senator McClellan withdrew from the hearing room.)

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. You paid him \$18,000 a year. Would you tell us what he did for that?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. He had been the head of one of the unions out in Chicago, and had been expelled for his associations, and then you hired him to help you in your work with the restaurant association.

Could you explain that to the committee?

Mr. TEITELBAUM. I will take the fifth amendment on that.

Mr. KENNEDY. Did all of the officials of the restaurant association know that this was going on?

Mr. TEITELBAUM. I will take the fifth amendment on that.

Mr. KENNEDY. I can't hear you very well.

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. Speak right up, will you?

Mr. TEITELBAUM. I will talk loud.

Mr. KENNEDY. Thank you. Can you tell us about the work that you did for London House for 1949, 1950, and 1951? According to the testimony before the committee, you made a payoff to certain union officials, and put in a certain number of the employees unbeknownst to them, put them in the union. Is that correct?

Mr. TEITELBAUM. I will take the fifth amendment on that.

Mr. KENNEDY. And that you did that for a period of about 2 years. Is that correct?

Mr. TEITELBAUM. Fifth amendment.

Mr. KENNEDY. And would you tell us about the Nantucket Restaurant, about which we had testimony this morning, in a meeting that

you had with Frank Trunggell and Mr. Davis, of the Nantucket Restaurant?

Mr. TEITELBAUM. The same answer.

Mr. KENNEDY. According to Mr. Davis' testimony this morning—Mr. Reade, I meant. Is it Mr. Reade or Mr. Davis?

Mr. TEITELBAUM. I take the fifth amendment.

Mr. KENNEDY. It is Mr. Reade, I believe. You made arrangements to give the union official \$500 in cash. Is that correct?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. And that actually it was discussed first that he would get the price of a Cadillac, but ultimately it was lowered to \$500 in cash, and Mr. Reade actually did pay \$150 in cash; is that right?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. Can you tell us about the Rupcich Restaurant, in 1950, when you made arrangements to put 7 of the waitresses into the union? Do you remember that?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. Did you arrange that?

Mr. TEITELBAUM. I will take the—same answer.

Mr. KENNEDY. For what reason did you do that?

Mr. TEITELBAUM. The same answer.

Mr. KENNEDY. Tell me what the same answer is?

Mr. TEITELBAUM. The fifth amendment.

Mr. KENNEDY. And that you put those employees into the union unbeknownst to them; is that correct?

Mr. TEITELBAUM. I will take the fifth amendment on that.

Mr. KENNEDY. What about Esrig's Restaurant in 1949? Did you make a similar kind of arrangement for them?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. Did you work that out with Mr. Louis Romano, on the Esrig Restaurant?

Mr. TEITELBAUM. I will take the sixth amendment on that as well as the fifth.

(At this point, Senator McClellan entered the room.)

Mr. KENNEDY. How about the Howard Johnson Restaurant?

Mr. TEITELBAUM. I will take the sixth and the fifth.

Mr. KENNEDY. We heard some very bad things about the situation at the Howard Johnson Restaurant, and that you suddenly came along and settled the strike by paying off \$2,240; is that right?

Mr. TEITELBAUM. I will take the fifth and sixth amendments.

Mr. KENNEDY. And that the \$2,200 was supposed to have been paid to you as legal fee and you actually passed that money on to the union; is that correct?

Mr. TEITELBAUM. I will take the fifth and sixth amendments.

The CHAIRMAN. Let the Chair ask you. Which side were you representing as a lawyer in that transaction?

Mr. TEITELBAUM. I will take the fifth and sixth amendments, Senator.

The CHAIRMAN. Don't you want to take some others, too?

Mr. TEITELBAUM. I could take some others, but I just want those two at the present.

The CHAIRMAN. As a lawyer, are you taking the position here before this Committee that if you answered the question truthfully as

to which side you represented when you received this check, which is exhibit No. 16, a check in the amount of \$2,240, June 11, 1952, signed by Bar-Don Corp., D. W. Strang—are you taking the position that if you testified truthfully and stated which side you represented, whether the union or Mr. Strang and his group, a truthful answer to that question might tend to incriminate you?

Mr. TEITELBAUM. In addition to that——

The CHAIRMAN. Not in addition. Do you or don't you?

Mr. TEITELBAUM. Yes.

The CHAIRMAN. All right. Now you can add your "in addition."

Mr. TEITELBAUM. In addition to that, I claim the 16th amendment, for the reason that my matter is pending in Tax Court covering that particular incident, and that particular check which was disallowed.

The CHAIRMAN. I can't see that the Tax Court would have any interest in which side you represented. It might have an interest in the amount of money involved, but as to whether you received the money by representing the management side or labor union side, I don't think it would have a great interest.

Mr. TEITELBAUM. With all due respect to the Senator that would open the door, in my opinion.

The CHAIRMAN. We will open it a little further, and give you the opportunity to keep it closed.

I present to you exhibit No. 16 that is pending before this committee, which is part of the record of this hearing, and I ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. TEITELBAUM. I claim the privilege of the fifth amendment.

The CHAIRMAN. You have examined it, have you?

Mr. TEITELBAUM. I have examined it.

The CHAIRMAN. All right. Proceed, Mr. Kennedy.

Mr. KENNEDY. What I would like to get explained, and what I think is the big point, Mr. Teitelbaum, is the retention of you over that period of time when you had all of these associations, the retention of you by the restaurant association for about 14 years, and then the retention by the association of Mr. Louis Romano, who also had these criminal associates.

Can you explain that to us—why the restaurant association did that?

Mr. TEITELBAUM. I will invoke the fifth and sixth amendments.

Mr. KENNEDY. The association retained Mr. Romano on your recommendation, did they?

Mr. TEITELBAUM. I claim the privilege and immunities under the fifth and sixth amendments.

Mr. KENNEDY. Why would the restaurant association want to retain somebody with such a background?

Can you tell us that?

Mr. TEITELBAUM. I claim the privileges under the fifth amendment and sixth amendment.

Mr. KENNEDY. Why would they want to retain somebody such as yourself? Can you tell us that, Mr. Teitelbaum?

Mr. TEITELBAUM. I resent the question.

Mr. KENNEDY. You what?

Mr. TEITELBAUM. I resent the question.

Mr. KENNEDY. Would you tell us about it? I thought maybe you would tell us about that.

Mr. TEITELBAUM. I claim the privilege of the fifth and sixth amendments.

Mr. KENNEDY. What about Mr. Champagne? After you left, they retained Mr. Champagne, who also had many criminal associates. Can you explain to the committee why the restaurant association would do that?

Mr. TEITELBAUM. I claim the privileges of the fifth and sixth amendments.

(At this point, Senator Curtis entered the hearing room.)

The CHAIRMAN. I would like to ask a question on that point. I assume you are not going to answer it, but I can show the relevancy of it. It would be helpful to us if we can get the truthful answer to it, of course. Did the officials and management of the restaurant association know at the time that they employed this Romano and Champagne of their past criminal records?

Mr. TEITELBAUM. I am invoking the 5th amendment and the 16th amendment and the 6th amendment.

The CHAIRMAN. It is inconceivable to me that a legitimate association, one that is operating with proper motives and purposes would knowingly employ underworld characters to carry out the performed duties for them.

I am not casting any aspersions at the moment, in any sense upon this association or its management. I can appreciate it may have employed some people without knowing their background, and maybe didn't use due diligence in trying to find out, or it may well have relied upon the recommendation of this witness or upon others as to the desirability of their employment and their suitability to perform the services.

But it would be quite shocking to me, at least, if an association representing a group of business interests, such as this association did, would resort to the employment of known criminals to help carry out its purpose.

I don't want to reflect upon the association. I do not know. But this witness, I feel, could be helpful to the committee in giving answers to these questions.

All right, proceed, Mr. Kennedy.

Mr. KENNEDY. Is it also correct that in addition to these individuals that we have mentioned, Louis Romano and Champagne, the association also retained a man by the name of Sam English?

Mr. TEITELBAUM. I will take the fifth amendment on that.

Mr. KENNEDY. Sam English—didn't he work with Mr. Champagne?

Mr. TEITELBAUM. I will take the fifth amendment on that, Mr. Kennedy.

Mr. KENNEDY. Sam English has a very, very long criminal record, does he not?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. He was a close associate of "Golf Bag" Hunt, who recently passed on?

He used to carry machineguns around in his golf bag?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. Did you know "Golf Bag" Hunt?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. Is that how he got the name, he carried machineguns around in his bag?

Mr. TEITELBAUM. I will take the fifth.

Mr. KENNEDY. But they did employ Sam English as well as Champagne and Louis Romano, did they not?

Mr. TEITELBAUM. I will take the fifth amendment.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

Are there any questions from any member of the committee?

Senator ERVIN. Where are you licensed to practice law?

Mr. TEITELBAUM. I will take the fifth amendment on that, Senator Ervin.

Senator ERVIN. Do you mean to tell me that it would tend to incriminate you to answer questions as to where you were licensed to practice law?

Mr. TEITELBAUM. I think so.

Senator ERVIN. Do you honestly believe?

Mr. TEITELBAUM. I believe so.

Senator ERVIN. Well, you did not get your bar license by some kind of chicanery, did you?

Mr. TEITELBAUM. I didn't hear you.

I didn't hear you.

Senator ERVIN. You don't know what chicanery means?

Mr. TEITELBAUM. Yes, I know what chicanery means, Senator.

Senator ERVIN. You are not intimating to the committee that if you gave a truthful answer to that question, that it would tend to incriminate you on account of the method by which you got your law license, are you?

Mr. TEITELBAUM. Senator Ervin, you weren't here this morning. You didn't hear all the questions. You came in here on the last end of it. I asked Senator Mundt a question. I said "Would you give me the privilege of immunity? The moment I go ahead and answer two questions as far as my birth and whether I am a citizen, can I still invoke the amendments to the Constitution of the United States as guaranteed me by my forefathers?"

He refused to do that.

Senator, I think it is an unfair question for you to ask me that question.

Senator ERVIN. Do you mean to tell me it is an unfair question to ask you where you got your law license? How will that be unfair?

Mr. TEITELBAUM. It will open the door.

Senator ERVIN. That is making an absurdity of the fifth amendment and the Constitution and also our forefathers.

Mr. TEITELBAUM. I pleaded more than the fifth amendment, Senator. I plead the 1st, 5th, 6th, and 16th amendments.

I don't know whether I pleaded the 14th amendment yet, as far as the right of due process of law.

The CHAIRMAN. Just a moment. The Chair will repeat the question: Where did you obtain a license to practice law, by what authority are you now licensed to practice law?

Mr. TEITELBAUM. I refuse to answer that question.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer the question.

Mr. TEITELBAUM. For the reason that I don't feel it has any relevancy, I still refuse to answer that question.

The CHAIRMAN. You have testified heretofore during your examination that you have been in the practice of law for 29 years. I will now ask that question and order and direct you to answer it, with the approval of the committee.

Mr. TEITELBAUM. I will still refuse to answer the question.

The CHAIRMAN. All right.

Let the record stand as it is.

Mr. KENNEDY. Just on that matter, you are suspended from practicing law, are you not?

Mr. TEITELBAUM. I refuse to answer that question.

Mr. KENNEDY. And have been for the last 3 years?

Mr. TEITELBAUM. I refuse to answer that question.

Mr. KENNEDY. You have been suspended for 3 years, a couple of weeks ago; is that correct?

Could you straighten that part out?

Mr. TEITELBAUM. I refuse to answer that question.

Mr. KENNEDY. That is in the State of Illinois, is it?

Mr. TEITELBAUM. I refuse to answer that question.

The CHAIRMAN. All right, Senator Curtis.

Senator CURTIS. Mr. Teitelbaum, were you present in the hearing room this morning when Mr. Reade of the Nantucket Restaurants in Chicago was testifying?

Mr. TEITELBAUM. I refuse to answer that question. Are you Senator Mundt?

Senator CURTIS. No; I am not Senator Mundt.

Mr. TEITELBAUM. Who are you?

Senator CURTIS. I will answer that, too.

Mr. TEITELBAUM. Pardon me, Senator Curtis, the light was reflecting on you there.

Senator CURTIS. You wouldn't tell us whether you heard Mr. Reade's testimony or not.

Mr. TEITELBAUM. I am taking the fifth amendment on that.

Senator CURTIS. Well, I think that your performance is rather ridiculous. That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

Mr. TEITELBAUM. Am I excused, sir?

The CHAIRMAN. If there are no further questions, the Chair will make this observation: I do not undertake to tell the bar association and the court authorities in Illinois what to do or what not to do, but I would simply invite their attention to this record for their proper consideration and action under there.

All right, you may stand aside.

Mr. TEITELBAUM. Can I make another observation, Senator?

The CHAIRMAN. Call your next witness, Mr. Counsel.

Mr. TEITELBAUM. Before you do that, may I make an observation, Senator, that you read the case of *People v. Holland*, in which a judge of the municipal court of Chicago invoked the fifth amendment, and in which the Supreme Court of the State of Illinois said he had a perfectly legitimate right to do it.

The CHAIRMAN. I don't have any more respect for him than I do for you, under the circumstances. All right.

Mr. KENNEDY. Lt. Joseph Morris and Patrolman Duffy.

The CHAIRMAN. Will you be sworn? You do solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MORRIS. I do.

Mr. DUFFY. I do.

TESTIMONY OF LT. JOSEPH MORRIS AND PATROLMAN WILLIAM DUFFY

The CHAIRMAN. State your name, beginning on my left, your place of residence, and your business or occupation.

Mr. DUFFY. William Duffy. I live at 5746 North Moody Avenue, Chicago, Ill. I am employed as a Chicago city police officer.

Mr. MORRIS. My name is Joseph Morris. I live at 1639 West 83d Street, Chicago, and I, too, am a police officer of Chicago.

The CHAIRMAN. All right, gentlemen. Thank you very much. Do each of you waive counsel?

Mr. DUFFY. We do.

Mr. MORRIS. We do.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been with the police department?

Mr. MORRIS. Twenty-six years.

Mr. DUFFY. Thirteen years.

Mr. KENNEDY. For a period of time, Lieutenant, you were with the intelligence section of the Chicago Police Department?

Mr. MORRIS. When that particular unit was organized, in September of 1952, I was the first commanding officer.

Mr. KENNEDY. How many policemen did you have working under you?

Mr. MORRIS. About 25.

Mr. KENNEDY. You received your instructions and your orders from the commissioner of police, did you?

Mr. MORRIS. Yes, sir.

Mr. KENNEDY. What was your task, and what were you to be working with?

Mr. MORRIS. We were instructed to try and keep a surveillance on some of the prominent criminals, and hoodlums and syndicate members around Chicago, and report to the commissioner on their activities.

Mr. KENNEDY. Could you speak a little louder, it is rather difficult to hear.

Mr. MORRIS. All right.

Mr. KENNEDY. You were to make a study and examination of the criminals in the Chicago area, and keep the commissioner advised as to their activities?

Mr. MORRIS. That is right.

Mr. KENNEDY. In the course of that study and investigation, were you assigned to do some work on a man by the name of James Weinberg?

Mr. MORRIS. Yes, sir. About October of 1952, the commissioner of police, Tim O'Connor, told me he had information that Weinberg, James Weinberg and Paul Labriola were very active in syndicate affairs. He wanted us to look into it. I assigned Detective Duffy and

his partner to investigate these two men. With the investigation progressing, we learned a lot of interesting information.

Labriola and Weinberg were considered up to that time minor hoodlums, and they both had long criminal records for robbery, and burglary, and larceny, and things like that. Duffy and his men found out that they had been given an O. K. to go ahead with a couple of associations, and one was a restaurant association, and another was an association group which would encompass the taverns and liquor dealers around the Chicago area.

Mr. KENNEDY. That was an association separate and apart from the Chicago Restaurant Association that we have been discussing over the last few days?

Mr. MORRIS. That is right.

Mr. KENNEDY. I want to make sure that that is understood, and they had in mind forming a rival restaurant association, is that correct?

Mr. MORRIS. That is correct.

Mr. KENNEDY. And also a tavern association?

Mr. MORRIS. That is right. We learned through Labriola and Weinberg that Teitelbaum was in bad graces with the syndicate powers.

Mr. KENNEDY. How were you able to learn these facts? Is this after they had started to create the association?

Mr. MORRIS. When we first picked them up, they had an office on Washington Boulevard.

Mr. KENNEDY. What do you mean when you say "pick them up"?

Mr. MORRIS. When we first started our investigation, we learned that they were going to move into new quarters at 10 North Clark Street, in Chicago, and we were very fortunate in being able to obtain quarters in the same building and very close proximity to their suite which enabled us to make a very close surveillance of all of their activities and their visitors, and in some cases even the conversations that they took part in.

Mr. KENNEDY. You were able to put an instrument in their room, in other words, is that right?

Mr. MORRIS. No, sir.

Mr. KENNEDY. You did not?

Mr. MORRIS. We never invaded the privacy of their office.

Mr. KENNEDY. But you were able to make a recording at least of the conversation?

Mr. MORRIS. In some instances, yes, sir.

Mr. KENNEDY. Of the conversations that took place in the room?

Mr. MORRIS. That is right.

Mr. KENNEDY. But you never bugged their telephones, for instance?

Mr. MORRIS. We never invaded their privacy or violated the law in making this investigation.

Mr. KENNEDY. When they moved into this suite, did you learn then what they were doing, or in addition to that, getting this suite close to theirs, were you able to get a man into their organization?

Mr. MORRIS. I had a man working for Weinberg.

Mr. KENNEDY. You had a man actually in their organization?

Mr. MORRIS. Yes, sir.

Mr. KENNEDY. Who could report back as to what was going on?

Mr. MORRIS. That is right.

Mr. KENNEDY. So you were able to keep a very close contact and know almost everything that was going on among this group?

Mr. MORRIS. That is right.

Mr. KENNEDY. Now, what did they discuss and what did they say and what was their position toward Teitelbaum and the other restaurant associations?

Mr. MORRIS. As I mentioned earlier, we learned that Teitelbaum was in bad grace with the syndicate powers, and the union would not cooperate with Teitelbaum in his efforts to adjust labor difficulties, and Weinberg formed this association and he had a man by the name of Bernberg as a front, and his title was executive officer of the association, and they had an attorney by the name of Robert Greenfield, who was the counsel for this Metropolitan Restaurant Association. That is what they called it.

Mr. KENNEDY. Who was Robert Greenfield?

Mr. MORRIS. He was a Chicago attorney at one time employed by a bank in Chicago, and he has no criminal record or any other previous criminal associations, as far as I have been able to determine.

Mr. KENNEDY. Nor did Bernberg have a record?

Mr. MORRIS. No, sir. Bernberg was a former petty officer or clerk in the probate court, and at the time we were investigating he was employed by the recorder of Cook County. He was a politician of sorts, and he seemed to know his way around the city hall, and the country.

Mr. KENNEDY. Now, did they explain that Teitelbaum was out of the graces of the syndicate as well as of the union?

Mr. MORRIS. Well, the unions would not cooperate with Mr. Teitelbaum, so therefore his effectiveness was nullified in settling labor disputes.

Mr. KENNEDY. Did Weinberg indicate they were going to get rid of him or throw him to the wolves?

Mr. MORRIS. In conversations, Mr. Greenfield was complaining he was receiving anonymous calls, and he was very upset about them, and bitter, and he blamed Teitelbaum and he said he got one particularly bad call. He wasn't home and his wife answered the phone, and the wife was told by this anonymous caller that her husband was fooling around with a bunch of hoods and don't be surprised if there would be a bomb left on your doorstep, and he thought it was a terrible thing for anybody to pick on a man's family, to threaten the lives and physical well-being of their family.

Mr. Greenfield in the course of the conversation remarked that he would like to see somebody kill that so-and-so. Well, after Greenfield left the office, I just don't recall who he was talking to, but he said that they had plans afoot.

Mr. KENNEDY. Who said that?

Mr. MORRIS. Pardon me, Weinberg said that they had plans afoot to dispose of Teitelbaum. Labriola who at one time was employed by Teitelbaum was seeing him regularly about this time and visiting Teitelbaum's office, and the office he used in the Fine Arts Building on Michigan Avenue had large french windows, from the floor almost up to the ceiling, and the plan was at a propitious time when Teitelbaum happened to be looking out the window to enjoy the view of

Lake Michigan, Labriola would give a little push. He figured with all of his troubles with the Government and tax difficulties, and he was having marital troubles also, that people might figure that there was a clear case of suicide, and he would get away with it that way.

Of course, I reported this information to the commissioner of the police.

Mr. KENNEDY. Just there, were there any alternative suggestions made at that time if they didn't push him out of the window?

Mr. MORRIS. I just don't follow you.

Mr. KENNEDY. Was there any alternative suggestion made rather than killing him?

Mr. MORRIS. Well somebody mentioned they would push acid in his girl friend's face or something of that nature; and, like I said, we didn't know whether these plans were sincere or whether it was a lot of idle talk. I reported the incident to the commissioner of police, and when he decided we couldn't sit on information like that, and so he told me to contact Teitelbaum. I made it my business to meet him in an out-of-the-way place; and, when I told him about the information we had, then I really believed there might be something to it and it really upset him, and Mr. Teitelbaum actually believed that they fully intended to kill him.

For about 2 or 3 months after that he became one of my particular responsibilities, and we were assigned to guard him and see that nothing happened to him.

Mr. KENNEDY. Now, was it shown or demonstrated during this period of time that this group was backed by the syndicate in Chicago, this new group of Weinberg and Labriola?

Mr. MORRIS. Everything that we saw and heard pointed to that fact, Mr. Greenfield, the attorney, before he accepted the position as counsel, wanted to make sure that Labriola wasn't just telling him and he wanted to make certain Labriola had the backing of the right people.

Mr. KENNEDY. What was meant by "the right people"?

Mr. MORRIS. Well, Accardo seemed to be the final authority, and the final say.

Mr. KENNEDY. Tony Accardo?

Mr. MORRIS. Joe Batters, and that is an alias. One afternoon, after Weinberg and Bernberg returned from lunch, they told Greenfield that they had lunch with Accardo, and Bernberg was satisfied then.

Mr. KENNEDY. Who was satisfied?

Mr. MORRIS. Bernberg; he was satisfied, and that seemed to satisfy Mr. Greenfield.

Mr. KENNEDY. They related the fact that they had this lunch with Tony Accardo and they related it to Greenfield. Weinberg and Bernberg related it to Greenfield?

Mr. MORRIS. Yes, sir.

Mr. KENNEDY. And they all seemed satisfied that this association had the backing of the syndicate in Chicago?

Mr. MORRIS. That is right.

Mr. KENNEDY. Now, was it explained as to how the syndicate was going to operate, and what the relationship with the labor unions was going to be?

Mr. MORRIS. All along in their conversations, they indicated that Lardin's group was going to cooperate with them and Blakely.

MR. KENNEDY. Who are they?

MR. MORRIS. They were officers of the miscellaneous union, and I just don't know the number and I think it is 593. They figured that by starting labor trouble Teitelbaum would be called upon to try to smooth it out and when he would fail somebody would recommend the new association, and after the owner or the management of the restaurant talked to the new labor counsel, Mr. Greenfield, everything would be straightened out and people would understand then that the right people to deal with would be the new association, the Metropolitan Restaurant Association.

MR. KENNEDY. While you were conducting your surveillance, did they have any conversations or telephone conversations or call up Lardino or any other union official?

MR. MORRIS. Weinberg at times talked to a person whom he identified as Lardino, and we followed Weinberg and Bernberg on occasions to the office of the miscellaneous union over on Wells Street.

MR. KENNEDY. Now, who else other than Lardino was mentioned as playing a role in this situation?

MR. MORRIS. Well, the restaurant association didn't seem to get off the ground. I guess Mr. Teitelbaum was the reason for it. They realized that he would be able to expose Weinberg's connection with the new association and for that reason Weinberg was told to sit tight on the restaurant association and to go ahead and create more or less of a diversion or smokescreen by going ahead with the organization of the tavern association.

In doing that, the setup or the physical setup of the syndicate operation in Chicago was pointed up. For instance, Weinberg made it very clear that without the cooperation and help of the local bosses he couldn't get very far. Of course, they had to be assured that Weinberg had the O. K. from the top. For instance, in trying to organize the North Side, Weinberg had a deal with Ross Prio and Monk Galagrette and Joey Ceaser, and those people were represented.

Now, I don't recall that they ever visited the office, but a representative of those people, I believe, Eddy Sterch, who is an ex-convict and has been in the 42d ward there for quite a long time, visited Weinberg's office on numerous occasions, and they talked over organizational problems about the North Side.

On the West Side it was Tough Tony Capessio and Teets, and Smokes Alosro.

And on the South Side they mentioned a Bruno Gotte, a person who up to that time wasn't very well known and we found out later that he was quite an influential gentleman. In fact, Weinberg referred to him as one of the mustang boys, and in the conversation implied he was a Mafia member.

MR. KENNEDY. Were these discussed continuously, and the arrangement with them?

MR. MORRIS. Weinberg's associates would drop in, and Weinberg was an ex-convict and the office generally contained somebody with a very unsavory past, and people whom he hung with at one time, and they were talking about deals that they were taking up or planning, and there was one amusing incident regarding a fellow by the name of Joe Lombardi, an ex-convict who apparently served time with Weinberg. Lombardi came into the office one morning, and he had a box, and in the box a very valuable mink coat, a full-length ranch mink coat

and he implied to Weinberg and Bernberg and another party in there, whom I can't recall, that the coat was "hot," stolen merchandise.

None of these people had any idea how to get rid of it and they referred him to a lawyer, Norman Creausy, a lawyer who had trouble and he served time, and I think Federal Government convicted him of a Federal statute. Joe went over to Norman's office to get rid of the coat, and I got a hold of a couple of detectives who know Joe, and they happened to be out in the street when they came out with the coat, and they stopped him and talked to him, and brought him in, and he admitted that the coat was not stolen at all.

It belonged to a girl friend of Mr. Greenfield, and she wanted to get rid of it, and I suppose they figured that the value of the coat would be enhanced by passing it off as a stolen coat.

MR. KENNEDY. Did they ever produce any guns?

MR. MORRIS. Lombardi had another incident where he had an automatic that he didn't know much about and, in showing it off, the gun went off accidentally, and it created quite a furor in the office. Of course, they were afraid that it might attract the police, and they all became scared.

MR. KENNEDY. Was the name of "Golf Bag" Hunt ever brought up?

MR. MORRIS. As the investigation progressed, we learned that Weinberg was nothing more than a salaried employee of the association.

MR. KENNEDY. Of whom?

MR. MORRIS. Of this new restaurant association, and that same Hunt, same "Golf Bag" Hunt, a more or less senior member of the syndicate around Chicago, was the real boss, and any problems that Weinberg ran into he would have to take them up with Hunt through and from mediary, Ben Warner.

MR. KENNEDY. Was he supposed to be an important figure in this "Gold Bag" person?

MR. MORRIS. Very important.

MR. KENNEDY. What about James "Cowboy" Mirro?

MR. MORRIS. Mirro was an associate of Weinberg and Labriola, another minor hoodlum, who had a criminal record.

MR. KENNEDY. Did he visit this office?

MR. MORRIS. He did on occasions, yes, but they wanted to keep Labriola and Mirro in the background as much as possible. In fact, the miscellaneous union, Blakely and Lardino and those fellows had a party at their office, and they invited Weinberg and his associates to attend the party, but in a discussion in the office they decided it would be better for Weinberg to stay away from the party. Bernberg and Greenfield attended the party.

MR. KENNEDY. Was Greenfield present and did he participate in these conversations?

MR. MORRIS. On occasion; yes, sir.

MR. KENNEDY. Was he aware of the nature of the proceedings?

MR. MORRIS. These things I have been mentioning were discussed in his presence and with him. He wanted to make certain that these fellows had the proper backing from the top, so that they would operate freely.

(At this point, the following members were present: Senators McClellan, Ervin, Mundt, and Curtis.)

Mr. KENNEDY. How could you be sure that an individual was present or that they were participating in the conversation?

Mr. MORRIS. We could see who entered and left the office, and we also got to know their voices.

Mr. KENNEDY. Did they start to move in on any of these restaurants, or any of these taverns? Did they actually put the plan into operation?

Mr. MORRIS. The tavern association, yes. They had some members. There was a case in Chicago, a tavern down around 25th and Michigan, the Red Wheel Tavern, I think was the name of the place. The licensee was a gentleman named LaPietra, I think, to the best of my recollection. A Government agent was in the tavern taking part in the investigation, the narcotics investigation, and a shooting occurred.

Of course, the Government agent had to identify himself. As a result of the shooting, the police captain of the district recommended that the license of the tavern be revoked, and it was. Weinberg, Greenfield, and Bernberg decided that this would be an ideal case for them to take up, and if they could have this license restored it would make a very good impression on other tavern owners.

With that in mind, they framed a case against the Government agent. They secured witnesses some place, the witnesses had visited the office two times that I know of, and on these occasions Mr. Greenfield and another attorney by the name of Wiley, a friend of Weinberg, coached these witnesses in the story to tell the liquor commission, the story implicating the agent.

The story tended to show that the agent was drunk, and that he provoked the trouble, and that he was posing as a truckdriver, and he pulled a gun and they had to defend themselves.

Incidentally, all this information was passed onto the proper authorities at the time.

Mr. KENNEDY. That is what I was going to ask you. After each day, or after these conversations took place and you learned this information, did you make a memorandum on it?

Mr. MORRIS. We made records and written reports on most of it.

Mr. KENNEDY. That was all given to the police department?

Mr. MORRIS. That is right.

Mr. KENNEDY. The memorandum that you made at the time is available to you, is that right?

Mr. MORRIS. They should be, yes.

Mr. KENNEDY. But, I mean, you have reviewed them, the memorandums.

Mr. MORRIS. Yes, sir, I have. I have notes on them.

Mr. KENNEDY. And Mr. Duffy was one of those who was working with you on the case?

Mr. MORRIS. That is right.

Mr. KENNEDY. You were actually conducting some of the surveillances?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. And the testimony that the lieutenant has given is correct as you know it?

Mr. DUFFY. Yes, sir, it is.

Mr. KENNEDY. You wrote some of the reports at the time?

Mr. DUFFY. I did. My specific job was to compile summary reports.

Mr. KENNEDY. And these various individuals that have been discussed were actively engaged in setting up this association, both the restaurant and the tavern, is that right?

Mr. DUFFY. Yes, sir. They were the top ones, and are disclosed in the various summary reports of the officers who conducted the investigation at the time.

Mr. KENNEDY. Mr. Chairman, we have examined those reports which the staff of the committee received from the police department. The police department has been very cooperative.

Did they start out to make an approach to any of these restaurants? Would you tell the committee what happened about that?

Senator MUNDT. Mr. Chairman, you left us in the middle of a "Whodunit." I would like to see if they succeeded in framing the Government agent or succeeded in getting the license restored.

Mr. MORRIS. No. As I mentioned, Senator, we reported the information to the proper authorities, and the license was not restored. The Government agent was cleared.

Senator MUNDT. Thank you.

Mr. KENNEDY. What I was asking was: When they started to go out, did Weinberg or Labriola start to use some of the big boys' names and get into difficulty?

Mr. MORRIS. I told you that we learned through Weinberg that Hunt was actually the boss, but Hunt insisted that his name be kept out of it. If Labriola had any trouble he was not to contact Hunt or mention Hunt's name in any manner, but to contact the Ben Warner, who was more or less of a lieutenant or a messenger for Hunt. In dealing with Bruno Roti, on the South Side, however, Hunt, in an effort to impress Roti, I imagine—or, rather, Weinberg in an effort to impress Roti did mention that Hunt was the boss, that he was behind all of this.

That so infuriated Hunt that Weinberg was in real hot water. I think it had a lot to do with the failure of their operation.

Mr. KENNEDY. Was it afterward discussed as to whether they were in hot water or not?

Mr. MORRIS. Yes. In fact, Greenfield thought it was the end of the association. He made that remark on occasion. Then, too, these fellows had internal trouble. They were not getting along among themselves. We made every effort we could to keep them from becoming too strong.

For instance, in the tavern association deal, there are, and at that time there were, a number of other tavern associations around the Chicago area, some of them that were organized on real sound principles, and for the benefit of everybody concerned, with no protection racket or any other kind of a racket involved.

Where we knew this to be a fact—you see, this Federated Liquor Dealer joined an association of taverns. Their idea was to get into the association and by rigging an election gain control of the council of the association. So where we thought it was prudent, we talked to people we thought we could trust, told them the background of the federated association, and in most instances we were able to prevent Weinberg and his cohorts from getting very far.

Of course, sometimes it backfired. On 1 or 2 occasions we told the wrong people and the information got back to Weinberg and Greenfield: in fact, I received a telephone call from Mr. Greenfield in which

he threatened to bring some kind of legal action against me because I was maligning his character.

Someone who I talked to had told him just what I had told them. They never had any idea that we were as close as we were. They didn't know that we knew their activities.

Mr. KENNEDY. What ultimately happened with the association in their attempts to organize?

Mr. MORRIS. They left the offices at 10 North Clark.

Mr. KENNEDY. Why did they do that?

Mr. MORRIS. Well, they had failed.

Mr. KENNEDY. Why had they failed?

Mr. MORRIS. Because of our harassment and the internal trouble. Bernberg realized—Bernberg is not the criminal type. You see, he is just a smart guy that thought he had a chance to make some money. He is not, in my opinion, the criminal type, he is just a fellow, an opportunist looking for an easy buck. He fell out with Weinberg. Greenfield also fell out with Weinberg and Bernberg.

Weinberg and Labriola moved out to the county, out to Elmhurst, I think it was; Elmwood Park. They formed another association which operated out in the country. Of course, that was out of our jurisdiction.

Mr. KENNEDY. The same kind of operation?

Mr. MORRIS. That is right. They apparently had some kind of success out there. They became important enough to get killed. They were both found dead.

Mr. KENNEDY. How were they killed?

Mr. MORRIS. They were poisoned. It is a new wrinkle in gang killing.

Mr. KENNEDY. How did you find them? Where were they?

Mr. MORRIS. They were dumped. They were placed in the trunk of an automobile and dumped in one of the districts on the far Northwest Side.

Mr. KENNEDY. Both of them?

Mr. MORRIS. Both in the trunk of an automobile.

Mr. KENNEDY. Then in the course of the conversation there, did they say that there were disputes going on amongst the syndicate?

Mr. MORRIS. We learned in listening to Weinberg talk to the representatives of different factors of the city that there was apparently some internal dissension in the syndicate. They talked particularly about a group that they identified as the "Young Bloods," who were not satisfied with what they were getting.

They said "These old fellows," meaning, I suppose, Accardo, Guzik, Prio, some of the old established hoods, had things pretty well wrapped up; they didn't want any violence because it brought a lot of heat on their operations. They were hoping that some kind of trouble would flare up among the gang chieftains and they would kill each other off, so it would make it better for the younger fellows. The Young Bloods in particular were supposed to be responsible for a lot of violence.

There was a Negro policy operator, an independent policy operator on the South Side. His name was Roe.

An attempt was made to kidnap him. In the attempt, Marshall Caifano's brother, a person known as "Fat Lenny" Caifano, was killed either by Roe or somebody with Roe.

Shortly after, all within a matter of months, Roe was killed. According to the conversations we had heard Weinberg and his associates taking part in, the Young Bloods, that is, Marshall Caifano, "Teets" Bataglia, "Smokes" Solosio, were responsible for the Roe killing, and the higher authorities, the older fellows in the outfit, did not like that at all. They did not like that violence.

Mr. KENNEDY. Was "Mooney" Giancana also one of them?

Mr. MORRIS. He was another one. I omitted his name.

Mr. KENNEDY. He was considered amongst the Young Bloods?

Mr. MORRIS. He is considered now next to Accardo.

Mr. KENNEDY. Specifically, do you have memoranda showing the conversations that took place while Robert Greenfield was present? Were there a number of conversations about these activities while Greenfield himself was present?

Mr. MORRIS. Yes, sir.

Mr. KENNEDY. Could you just give us some examples of that?

He is going to be a witness, I expect, this afternoon. In the informal interviews, he has denied everything to do with this, as far as these names being discussed. I want to find out whether your memoranda show to the contrary. I think you testified that he would take the position, as labor consultant for this group, until he had assurance that the group was backed by the syndicate?

Mr. MORRIS. That is right.

Mr. KENNEDY. And that he was told about the dinner with Accardo, the contact that was made with Accardo?

Mr. MORRIS. That is right. This is an excerpt from one of the reports—

Prior to Greenfield accepting the position as labor counsel for these associations, Greenfield was anxious to learn whether Weinberg had the proper connections with the underworld elements, and Weinberg assured Greenfield that the necessary arrangements had been made with the proper people.

On one occasion, on returning from lunch, Weinberg and Bernberg informed Greenfield that they had dined with Tony Accardo, who had given them the official go-ahead.

Mr. KENNEDY. Were there occasions where Weinberg was heard to caution Greenfield and Bernberg never to mention the names of certain individuals?

Mr. MORRIS. Yes, sir.

Mr. KENNEDY. Amongst whom were Labriola and—

Mr. MORRIS. Tony Mirro.

Mr. KENNEDY. James Cowboy Mirro?

Mr. MORRIS. That is right.

Mr. KENNEDY. And it was Greenfield that reported about the threats to his wife?

Mr. MORRIS. That is right.

Mr. KENNEDY. And was Teitelbaum present when it was discussed as to how they were killed?

Mr. MORRIS. I don't think he was; no. I don't think he was present when the fact that Labriola had intended to push him out the window. Greenfield was not present on that occasion.

Mr. KENNEDY. Was he present when it was discussed about taking over the tavern associations, the other rival tavern associations?

Mr. MORRIS. That is right.

Mr. KENNEDY. Who else was present during that conversation?

Mr. MORRIS. Bernberg and a fellow by the name of Bartolo. Bartolo, I think, was head of another association, a liquor association.

Mr. KENNEDY. And how did they say they were going to do it?

Mr. MORRIS. By joining the council of associations and rigging an election and getting their own people at the head of all these associations, and thereby taking it all over.

Mr. KENNEDY. And was Greenfield then going to be installed as the counsel?

Mr. MORRIS. That is right. He would be the general counsel for all of the associations.

Mr. KENNEDY. And Bernberg was also to have a position with that group?

Mr. MORRIS. That is right.

Mr. KENNEDY. He was going to have the position of what?

Mr. MORRIS. His position was, I think, the same, as general manager or——

Mr. KENNEDY. Executive director?

Mr. MORRIS. Executive director, right.

Mr. KENNEDY. And Greenfield was one of those that participated in coaching these witnesses in order to frame the Government agent?

Mr. MORRIS. That is right.

Mr. KENNEDY. So Greenfield played a prominent role?

Mr. MORRIS. A very, very, very important role; yes, sir.

Mr. KENNEDY. And knew everything that was going on in the discussion of the syndicate?

Mr. MORRIS. That is right.

Mr. KENNEDY. You said you did not feel that Bernberg was closely involved with these kinds of people, but was he also aware?

Mr. MORRIS. He knew what was going on. He did not hesitate at all to deal with anybody. In fact, he was just as anxious as anybody to have the right backing.

Mr. KENNEDY. Was he actually present when Ross Prio, when there was discussion about Ross Prio?

Mr. MORRIS. Yes; I think when Eddie Sturch was there, Bernberg was present.

Mr. KENNEDY. There is a notation here of a meeting with Ross Prio at which Weinberg and Greenberg were present, and he insisted that if he came into the deal, he would insist on placing one of his men in Weinberg's office.

Mr. MORRIS. That is right.

Mr. KENNEDY. So Prio also was well aware of the whole arrangement?

Mr. MORRIS. That is right.

Mr. KENNEDY. It was indicated that some of these young bloods, Caifono and this other group, were also aware of what was going on in these various areas?

Mr. MORRIS. They would have to be, if they hoped to get any place with any kind of an association, in their territory. They would have to be in on it.

Mr. KENNEDY. And specifically "Teets" Bataglia was aware of it, because he was holding the situation up on the West Side?

Mr. MORRIS. That is right.

(At this point, Senator Curtis withdrew from the hearing room.)

Mr. KENNEDY. Are there any other parts of this that we should cover?

Mr. MORRIS. No; I think as far as the information we covered, it encompasses about all I know of this particular incident, or this effort on their part to form a new association.

The CHAIRMAN. Just by way of information, are any of these murders referred to solved?

Has anyone been convicted or punished for them?

Mr. MORRIS. The murders for Weinberg and Labriola have never been solved; no, sir.

The CHAIRMAN. All right.

Senator MUNDT. From your background of contacts in this whole operation and what you heard and saw and what you learned, what would you say was the motivating factor that induced these fellows to try to form this new restaurant association? Were they going to shake down the restaurant people?

Were they going to shake down the union? Were they going to be in collusion with either the union or management?

What was the overall target that they had in mind?

Mr. MORRIS. From what we learned, Senator, they would have to have the cooperation of the union to operate.

Senator MUNDT. They would have to have that?

Mr. MORRIS. That is right.

Senator MUNDT. And what were they going to do? Were they going to go into collusion, then, with disreputable union officials, I presume? Were they going to shake down the employees, or were they going to shake down the restaurant owners?

Mr. MORRIS. I imagine the same principle on which the other association operated. There would be funds available for labor relations work. If a person had labor trouble, it could be settled if you talked to the right people.

Senator MUNDT. Was it a racket established on the basis that they would be sure that there would be labor troubles that needed to be settled? Were they going to use the union contacts to create the labor difficulties artificially, and then go to the owner of the restaurant and say "Look, Brother, you are in trouble, and we can get you out." Is that what they were going to do?

Mr. MORRIS. That was the original idea, to gain attention and support from individual managements.

To promote trouble. Teitelbaum would not be able to settle it, but they would. That would hurt Teitelbaum's prestige and build them up.

Senator MUNDT. Was Teitelbaum's outfit operating on the selfsame formula? Did they have contacts also with union officials where they went out and created trouble and then found an answer to their trouble, collected some money, and created more trouble, so you have sort of a self-perpetuating mechanism?

Mr. MORRIS. I couldn't speak with any degree of authority about Teitelbaum and the Chicago Restaurant Association. Teitelbaum was about out of the picture when I came into it.

Senator MUNDT. I see.

But this was nothing more or less than a shakedown racket?

Mr. MORRIS. A protection racket, I think, would be the best way to describe it.

Senator MUNDT. Define what you mean by a protection racket.

Mr. MORRIS. Well, a person could conduct his business if he belonged to the right association without any fear of union trouble or any other type of violence.

Senator MUNDT. But apparently the union trouble that you are talking about was the union trouble that was inspired by the people who were supposed to fix it up.

Mr. MORRIS. To gain recognition, originally, that was the plan. But after that, after they got enough members, I suppose they would take care of routine labor troubles that might arise.

Of course, their members would have to pay the regular dues to keep them going.

Senator MUNDT. What motivation was there for the disreputable union officials?

Did they get cut in on the take from this racket?

Mr. MORRIS. Well, I suppose. I don't know, not having—I never got a chance to listen in on the union officials, like we did Weinberg and his group.

Senator MUNDT. I mean, there would have to be motivation from them.

Mr. MORRIS. But from the experience in other fields, the prime motive seems to be money. They don't do anything for nothing.

Senator MUNDT. You are a pretty wise old law-enforcement official, and you certainly did a fine job of penetrating this apparatus. If you were going to put on your hat now as a lobbyist instead of a detective, how would you suggest that the Congress of the United States act or legislate to make less likely the kind of racket that your investigation helped to solve?

Mr. MORRIS. To be perfectly frank, Senator, I think that question is entirely out of my field. It involves labor and management. I do not profess any knowledge or enough knowledge to even attempt to—

Senator MUNDT. We have to find a better answer. After all of your diligence and hard work, about all you succeeded in doing was driving them out of the jurisdiction in which you had competency, over into the county jurisdiction.

Mr. MORRIS. I think we performed a very useful police function. We prevented a lot of crime.

Senator MUNDT. I do, too; after all, you got them out of the city and got them into the county. There are fewer people in the county so fewer people got hurt. That isn't the ultimate answer. I am trying to find something that is a little more successful than to just make gypsies out of the racketeers.

Mr. MORRIS. I couldn't advise you on it.

Senator MUNDT. How about you, Mr. Duffy, have you any ideas?

Mr. DUFFY. No, sir. I am in agreement with the lieutenants.

Senator MUNDT. Well, we find mobsters, who are naturalized citizens, creating crimes. Why don't we deport them? Something happens. We find out that you have a racket of this kind, and when it is exposed, what do we do to correct it? I am interested, as you are, to cure this.

I recognize this is out of your field. You have done a fine job in the field in which you do work. However, I thought that maybe you could think of some scheme that the Congress could legislate on. We

are a legislative body. We are going to run out of money and out of investigators after a while from exposing these things. We have to think of some kind of legislation to stop this.

Mr. MORRIS. If I think of anything, I will be happy to let you know, Senator.

Senator MUNDT. Thank you.

Mr. KENNEDY. I believe you wrote a summary of what you felt in conclusion.

Mr. MORRIS. I didn't write it. In fact, Detective Duffy did.

Mr. KENNEDY. Would you read what you wrote about it at the time?

Mr. MORRIS. I think it sums it up very well.

Mr. KENNEDY. Do you agree with what it states?

Mr. MORRIS. I certainly do.

Mr. DUFFY. Yes, sir.

Mr. MORRIS. Would you read that?

Mr. DUFFY. Yes, sir.

In conclusion, it might be well to note that it is quite evident that these associations were instigated by the underworld elements to act in collusion with the union and that the ultimate intention of these associations was to seize control of the liquor industry.

The overall plan was to eventually take over the wholesalers and distributors' associations and to form a statewide association representing all levels of the industry. Once this was accomplished, it would then be possible to extort a certain percentage of every barrel and case of beer distributed in the State.

Mr. KENNEDY. You wrote that, did you?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. When was that written? How long ago?

Mr. DUFFY. In 1953.

The CHAIRMAN. 1953.

Mr. KENNEDY. Could you just tell us as a general situation, then is this modus operandi that you feel is followed by some of these racketeers and gangsters, that this is way that they operate?

Mr. MORRIS. Well, it was in this instance.

Mr. KENNEDY. From your experience with them, would this be the way that they would try to take over?

Mr. MORRIS. That is right, there is no independent operation. If they operate as a syndicate unit, they have to have the O. K. from the proper source.

Mr. KENNEDY. And they move in on these associations and make a collusive arrangement with the labor union; is that part of the operation?

Mr. MORRIS. In my experience in these kind of investigations, it has been, Mr. Kennedy.

Mr. KENNEDY. So you were able to get a good example or a close look at operations such as this while it was actually going on, and you were able to move in and break it up. You are no longer with the intelligence section?

Mr. MORRIS. No, sir.

Mr. KENNEDY. How long have you been gone?

Mr. MORRIS. The unit was disbanded in the early part of 1955.

Mr. KENNEDY. And you have not been working in that?

Mr. MORRIS. No. I have another investigation equally tough; the murder of the three boys whose bodies were found outside of Chicago in 1955.

Mr. KENNEDY. Do you think that an intelligence division such as you were operating is a helpful organization in a city?

Mr. MORRIS. I don't see how a police department could operate efficiently without it.

Senator MUNDT. Is wiretapping legal in Chicago?

Mr. MORRIS. I didn't get the question.

Senator MUNDT. Is wiretapping legal in Illinois?

Mr. MORRIS. No, sir. Now it is illegal in Illinois now to record any type of conversation unless the person whose voice is being recorded agrees to it.

Senator MUNDT. Do you think it would be helpful in law enforcement if proper law enforcement officials were given the right to engage in wiretapping and to produce it as evidence?

Mr. MORRIS. I think it would be very beneficial to law enforcement officers. Law enforcement officers never attempt to injure innocent people. Innocent people have nothing to hide. With this new law that was passed by the last legislature, it deals with electronic listening devices. It is illegal to record any type of conversation, unless the person whose voice is being recorded permits it. I had a case not too long ago where a woman was being extorted. She had paid off a certain amount and the extortioner was coming back for more. She lived in a very small apartment where it was impossible to put somebody into the apartment to overhear the conversation of the extortionist.

We could not use a recorder to record his voice for evidence purposes, because it was a violation of the law.

Senator MUNDT. On that point, it seems to me that this trying to exterminate these rackets that we are talking about, that if properly identified, authorized representatives of the law could collect this evidence, which you can collect, but could use it in court, that it would be a big step in protecting the public.

Mr. MORRIS. Absolutely.

Senator MUNDT. In saying that, I am not trying to legalize wiretapping by congressional committees. That would be bad.

Senator ERVIN. Lieutenant, have you ever thought that the human mind works in a peculiar way on these things? For example, under the law, if you can listen with your ear and hear something with your ear, that is admissible in court. But if you hear something by means of an instrument, that is inadmissible. If one of them is so bad, why isn't the other so bad?

Mr. MORRIS. That is what I can't figure out. It is the same as using fieldglasses to improve your vision.

Senator ERVIN. The human mind works in wonderful ways. It is wrong to kill a man with poisonous gas but it is all right to kill him with a blockbuster or kill him with a bayonet. We have very good people who get so solicitous about the rights of privacy that they are against these laws of wiretapping.

But it has never occurred to them that there is really no fundamental difference between wiretapping with an instrument and hearing it with your ear.

One is perfectly all right and the other is all wrong.

Mr. MORRIS. That is right.

Senator MUNDT. Actually, Senator, wouldn't it seem to you as it would to me, that between the two, even the crook who has been con-

victed by his own wiretap would be safer than if someone could frame him and say that he heard it over his ear?

Senator ERVIN. That is right. The use of the instrument would minimize the danger of not getting an accurate recording.

Senator MUNDT. Precisely.

The CHAIRMAN. Is there anything further?

Senator MUNDT. My address is 248 Senate Office Building, if you decide to write me your suggestions.

Mr. MORRIS. I will, sir.

Mr. KENNEDY. I would like to say that the lieutenant has been most helpful in the course of this investigation in Chicago, and Mr. Duffy, also.

We are very appreciative of the assistance you have given, as well as the rest of the Chicago Police Department.

Mr. MORRIS. Thank you.

Mr. KENNEDY. Mr. Greenfield is the next witness.

The CHAIRMAN. Be sworn, please.

Do you solemnly swear the evidence you shall give before this Senate committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GREENFIELD. I do.

TESTIMONY OF ROBERT S. GREENFIELD, ACCOMPANIED BY COUNSEL, STANFORD CLINTON

Mr. CLINTON. Mr. Chairman, at the proper time I would like to make a very brief statement.

The CHAIRMAN. All right.

Mr. Greenfield, will you state your name, your place of residence, and your business or occupation?

Mr. GREENFIELD. Robert S. Greenfield, 9 East Huron Street, attorney specializing in insurance.

The CHAIRMAN. You have counsel present?

Mr. GREENFIELD. Yes; I do.

The CHAIRMAN. Identify yourself for the record, Mr. Counsel.

Mr. CLINTON. My name is Stanford Clinton. I am an attorney at law, licensed to practice in the State of Illinois. My office is in Chicago, Ill.

The CHAIRMAN. I believe you said you had a brief statement you wished to make?

Mr. CLINTON. Yes, Mr. Chairman, I do. May I say immediately that this witness will respond fully and responsively to the questions of the committee and its distinguished counsel. However, as a matter of fairness, I want to say at the very beginning that it would be, I think, a very simple thing to demonstrate to any reasonable group of men that Lieutenant Morris, who preceded Mr. Greenfield on the stand, is utterly incapable of belief on the stand.

The CHAIRMAN. Utterly what?

Mr. CLINTON. He is not worthy of credit on the stand.

The CHAIRMAN. Just a moment now. Just a moment.

Mr. CLINTON. He said—

The CHAIRMAN. Wait a minute. That may be your opinion of it, and you are entitled to judge him as you care to.

Mr. CLINTON. That is right.

The CHAIRMAN. But that is not a proper statement for counsel to make here.

Mr. CLINTON. May I just add two other things and I will depart from it.

Mr. Greenfield earned, may I say, the enmity of Lieutenant Morris because of his activities in obtaining passage in the State of Illinois of legislation which—

Senator ERVIN. Mr. Chairman, I respectfully suggest that the counsel is testifying rather than raising any legal question.

Mr. CLINTON. This man has been very badly attacked on the stand, Senator.

Senator ERVIN. I don't believe, Mr. Chairman, it is the function of counsel to testify.

The CHAIRMAN. The Chair has so ruled. Counsel, I am sure, recognizes the impropriety of such statements. I want to be tolerant and understanding. The witness himself is a lawyer. The witness can testify himself as to any motive he may think that the lieutenant may have had for his testimony.

If he disagrees with it and says it is not true, he may very well state his reasons for such belief. But those reasons and any comment in that regard, so far as this record is concerned, should be made under oath. If counsel wants to give out a statement to the press, or if he wants to make a radio speech or something else to talk about it, that would be quite all right. It is quite different from a recording of such views in a hearing like this.

The witness will testify, and we will observe his testimony. If there is any place, any point, where he wishes to make an expression of opinion as to any testimony that was given against him that he may regard as derogatory, if he feels that there was some reason for such derogatory testimony, some ulterior motive in the giving of such testimony, he can speak for himself. He will be speaking under oath.

Mr. CLINTON. Mr. Chairman, may I then hand you, so that it will, I think, make his testimony more understandable, an exhibit which contains an editorial in the Chicago Daily Sun-Times of Monday, February 9, 1953, I have six copies of the document.

The CHAIRMAN. You may hand it to the Chair for the committee's inspection and observation. What you pass to the Chair is not testimony, nor is it an exhibit. It is simply a matter for the committee's information at present.

Proceed.

Mr. KENNEDY. Mr. Greenfield, you have been an attorney for how long?

Mr. GREENFIELD. About 25 years.

Mr. KENNEDY. And you are licensed to practice in Illinois?

Mr. GREENFIELD. Since October 1933.

Mr. KENNEDY. What do you do now? For whom do you work?

Mr. GREENFIELD. I am associated in the insurance field.

Mr. KENNEDY. With whom?

Mr. GREENFIELD. Mr. Allan Dorfman.

Mr. KENNEDY. Allan Dorfman?

Mr. GREENFIELD. Yes.

Mr. KENNEDY. What do you do for Allan Dorfman?

Mr. GREENFIELD. I handle the State analysis business insurance, corporation insurance.

Mr. KENNEDY. How long have you been associated with him?

Mr. GREENFIELD. Four years.

Mr. KENNEDY. Have you ever been associated with Mr. James Weinberg or Paul "Needlenose" Labriola?

Mr. GREENFIELD. No, I have not.

Mr. KENNEDY. Do you know either one of those gentlemen?

Mr. GREENFIELD. Yes.

Mr. KENNEDY. Which one do you know?

Mr. GREENFIELD. I know Mr. Weinberg and I met Labriola once.

Mr. KENNEDY. Have you ever had any dealings with them whatsoever?

Mr. GREENFIELD. Not in the sense that you are asking the question.

Mr. KENNEDY. Did you have any dealings whatsoever?

Mr. GREENFIELD. Not in the sense that you are asking the question.

Mr. KENNEDY. What sense do you think I am asking the question?

Mr. GREENFIELD. In the sense that I was associated with them in any common economic enterprise.

Mr. KENNEDY. Were you associated with them in any kind of an enterprise?

Mr. GREENFIELD. No.

Mr. KENNEDY. You never were?

Mr. GREENFIELD. No.

Mr. KENNEDY. You never had any common interest of any kind?

Mr. GREENFIELD. No, I did not.

Mr. KENNEDY. You never associated with them in any restaurant association, or in any liquor association, tavern association?

Mr. GREENFIELD. I never associated with them in any restaurant association.

Mr. KENNEDY. You never associated with them in any tavern association?

Mr. GREENFIELD. I was associated with Nate Bernberg in the Tavern Association.

Mr. KENNEDY. But not with Weinberg or Labriola?

Mr. GREENFIELD. They injected themselves into the picture.

Mr. KENNEDY. What did they do when they injected themselves? Describe it.

Mr. GREENFIELD. They succeeded in wrecking the association.

Mr. KENNEDY. Were you opposed to them?

Mr. GREENFIELD. I certainly was.

Mr. KENNEDY. You tried to keep them out?

Mr. GREENFIELD. In a manner of speaking, I tried very much to keep them out, enough to be threatened with my life.

Mr. KENNEDY. When they become associated with the association, did you withdraw?

Mr. GREENFIELD. Not immediately.

Mr. KENNEDY. You stayed with it?

Mr. GREENFIELD. I was there in the entire deal for about 10 weeks.

Mr. KENNEDY. How were they able to get into the association?

Mr. GREENFIELD. I don't know how they got in. Mr. Bernberg had known Mr. Weinberg ever since they were boys. Mr. Weinberg used to hang around the office. Mr. Weinberg is what is known in the vernacular as a two-bit bum, not any great big syndicate leader in that sense.

I mean to my observation.

Mr. KENNEDY. When they started to come in and become interested in your association, you tried to withdraw; is that right?

Mr. GREENFIELD. I first wanted to find out who was threatening my family.

Mr. KENNEDY. And you stayed around the association to find that out?

Mr. GREENFIELD. No; I didn't just stay around the association to find that out; it was very important to find out who was calling up a 10-year-old girl and telling her they were going to kill her.

Mr. KENNEDY. Who did you think it was?

Mr. GREENFIELD. I thought it was some of the hoodlums.

Mr. KENNEDY. Why did you think it would be hoodlums?

Mr. GREENFIELD. Because they knew that I was opposed basically to any injection of any syndicate or hoodlum elements.

Mr. KENNEDY. Who was they?

Mr. GREENFIELD. Weinberg.

Mr. KENNEDY. I don't understand. Why did you have to stay around and work with Weinberg to find that out?

Mr. GREENFIELD. I didn't work with Weinberg.

Mr. KENNEDY. Why did you have to stay around then?

Mr. GREENFIELD. I wanted to find where the calls were coming from.

Mr. KENNEDY. How were you going to find that out?

Mr. GREENFIELD. I figured in time somebody would drop something and I would find out.

I have a report here; would you like to read it? It is not by me. It is by the police.

Mr. KENNEDY. I just want to ask you questions.

Mr. GREENFIELD. Then ask questions.

Mr. KENNEDY. According to the information that has come to the committee, before you even became associated with the Tavern Association, you wanted to make sure it was backed by the syndicate; is that correct?

Mr. GREENFIELD. That is not correct.

Mr. KENNEDY. You say that testimony is false; is that right?

Mr. GREENFIELD. That testimony is semifalse.

Mr. KENNEDY. How is it correct and how is it false?

Mr. GREENFIELD. I received a call on January 5, 1953, at my home. That is, my wife received a call. I first met these people, when I got involved with the association, 2 weeks previously. In this call, my wife was told that if I did not stop interfering, I would be found dead in the back of a trunk.

That same call came that night and it was told to my 10-year-old daughter at that time. I reported this incident to the Glencoe police. I asked them after several calls to put a watch on my phone, to see if they could trace where the calls were coming from.

This they did. This is a report of the police dated January 25, 1953. May I read it?

Mr. KENNEDY. I don't think that that answers the question as to why you were being associated with this group?

Mr. GREENFIELD. After these calls came, I wanted to find out where they were coming from and who was threatening my family and myself.

Mr. KENNEDY. Yes?

Mr. GREENFIELD. That is why I used to ask Weinberg was he in with a syndicate and was he really being backed by them?

I never really believed it, because I knew he never had change for the right time, if I may use the vernacular. But I wanted to see if, maybe, if he knew, because I was meeting with other people who were interested in a basic objective of doing away with the revocation of licenses by police captains, and shakedowns, that maybe there was some other interference that somebody knew about and were threatening me.

Mr. KENNEDY. So, you kept asking him about whether these syndicate hoodlums were involved with him?

Mr. GREENFIELD. I didn't keep asking him. He kept telling me.

Mr. KENNEDY. He kept telling you that they were backing him?

Mr. GREENFIELD. Yes.

Mr. KENNEDY. Why didn't you just get out of the thing right away, then?

Mr. GREENFIELD. Well, in the first place, I knew, from knowing the little I know about him, that he was the same type of fellow as some of these broken-down precinct captains who tell you that they have just talked to Dwight Eisenhower, and that he had no basic weight anywhere.

Mr. KENNEDY. Why did you stay with them?

Mr. GREENFIELD. I didn't stay with them.

Mr. KENNEDY. You kept staying with him, and he was saying he was backed by the syndicate, backed by these hoodlums, and you kept going back for more.

Mr. GREENFIELD. But I did not stay with him.

Mr. KENNEDY. You kept coming back to be with him.

Mr. GREENFIELD. I didn't come back. I was doing a survey on shakedowns of taverns by police in Chicago.

Mr. KENNEDY. Then why did you stay with Mr. Weinberg?

Mr. GREENFIELD. I didn't come back to the office. I didn't see him more than 7 or 8 times.

Mr. KENNEDY. He kept telling you that he was backed by the syndicate.

Mr. GREENFIELD. He didn't tell me that. I said he kept telling me that he had a lot of connections.

Mr. KENNEDY. Why would you, as an honest, upright attorney, be associated with this kind of a group?

Mr. GREENFIELD. I was not associated with that kind of a group. I did not take any money from the group. I never was paid a fee by the group. I never received a dollar in contribution from the group.

Mr. KENNEDY. Did you turn the facts over to the police that Weinberg and Labriola said they were backed by the syndicate?

Mr. GREENFIELD. Did I turn it over to the police?

Mr. KENNEDY. Yes.

Mr. GREENFIELD. No; I did not turn it over to the police.

Mr. KENNEDY. You did not turn any of this information over to any law-enforcement official?

Mr. GREENFIELD. I did not turn it over, because I knew it was not so.

Mr. KENNEDY. They were telling you this was so.

Mr. GREENFIELD. I don't believe every crackpot that tells me something.

Mr. KENNEDY. I don't understand why you associated with them.

Mr. GREENFIELD. I did not associate with them.

Mr. KENNEDY. You saw them 6 or 8 times. You were at the office. You saw he was a crackpot. You said he was part of the syndicate, and you thought he was off his rocker, and you did not turn it over to the police, but went back to his office.

Mr. GREENFIELD. I did not go to his office. It was not his office.

Mr. KENNEDY. Well, the association's office.

Mr. GREENFIELD. The association's office was Mr. Bernberg's office, and it was organized by other people.

Mr. KENNEDY. Why didn't you break off, then?

Mr. GREENFIELD. I did break off, when I finished the job I set out to do.

Mr. KENNEDY. And these conversations? What about the situation of coaching these witnesses to give testimony against a Government official? Is that incorrect, also?

Mr. GREENFIELD. That is a complete and unadulterated lie. As a matter of fact, this case that Lieutenant Morris pointed out, the license was not revoked. We won in every court. It was appealed all the way up to the circuit court. Present Chief Justice Cornelius Harrington, in his decision, stated that he could not, for the life of him, understand how any official could have believed the perjured testimony of the Government witness. This is in the record.

Mr. KENNEDY. You were not in there coaching, you and Weinberg coaching witnesses to give false testimony against this Government official?

Mr. GREENFIELD. I have never coached the witnesses in the Red Wagon case.

Mr. KENNEDY. So, that testimony of Lieutenant and Mr. Duffy is false? Is that correct?

Mr. GREENFIELD. In a thorough investigation, you could easily obtain a record of the hearings before the Illinois Liquor Commission—

Mr. KENNEDY. I just asked you a question.

Mr. GREENFIELD. Yes; it is completely false.

Mr. KENNEDY. How many members did the retail liquor dealers' association obtain?

Mr. GREENFIELD. I don't know.

Mr. KENNEDY. Did you get a number of them, or a few members?

Mr. GREENFIELD. I don't know. I did not work on membership.

Mr. KENNEDY. Did you testify before the crime committee in Chicago, the Big Nine Crime Commission?

Mr. GREENFIELD. Yes; I did.

Mr. KENNEDY. Did you tell them what the membership was?

Mr. GREENFIELD. I told them what they told me their membership would be, or was.

Mr. KENNEDY. Didn't you testify that they had a membership of 1,500?

Mr. GREENFIELD. I might have.

Mr. KENNEDY. The membership was, actually, 5 or 6 members, and you told the crime committee, under oath, as I understand it, that they had a membership of 1,500.

Mr. GREENFIELD. Did I? How come Lieutenant Morris didn't testify before the crime commission what he testified today?

Mr. KENNEDY. I am asking; is that correct or not, that you told them they had a membership of 1,500?

Mr. GREENFIELD. The conglomeration of the membership that belonged to the association, of various groups that were meeting at that time, because of shakedowns by police, comprised a little over 1,500 members.

Mr. KENNEDY. You keep talking about the shakedowns by police. I am asking you if the Federated Retail Liquor Dealers Association, which you discussed, if you testified that that membership was some 1,500. Actually, they had 5 or 6 members.

Mr. GREENFIELD. I don't know how many members they had, but the amount of people interested in the conglomeration of associations, what we were doing, that is, to pass a law for a hearing for revocation of license, amounted to 1,500.

Mr. KENNEDY. It was a very peculiar testimony before that.

Mr. GREENFIELD. I think more peculiar was the fact that Lieutenant Morris did not even testify. With the knowledge he gave you tonight, he could have blown that bombing in Chicago. Why did he wait until today? Why did he wait 5 years?

Mr. KENNEDY. That is a question you should ask the Chicago Police Department.

Mr. GREENFIELD. Maybe he was psychic. Maybe he knew in 5 years there would be a committee or something.

Mr. KENNEDY. I don't think so. How many members did the Federated Retail Liquor Dealers Association have?

Mr. GREENFIELD. I don't know.

Mr. KENNEDY. You don't have any idea?

Mr. GREENFIELD. I don't have any idea.

Mr. KENNEDY. Did you say that when you were asked before the Big Nine Committee?

Mr. GREENFIELD. I don't remember what I said before the Big Nine Committee. There was only one point I had before the Big Nine Committee.

Mr. KENNEDY. You said they had 1,500. Why didn't you say then you did not know?

Mr. GREENFIELD. We went into that before, Mr. Kennedy.

Mr. KENNEDY. I don't understand your answers.

Mr. GREENFIELD. I don't understand your source of questions. Do you want the truth, or do you want to do something to prove Mr. Morris is a great man?

The CHAIRMAN. Just a moment. You are a lawyer, and you know how to answer questions. I suggest that you answer the questions asked you; have your answer directly responsive to the question, and, if you wish to elaborate, you may do so.

Mr. GREENFIELD. All right, sir; that is fair enough.

The CHAIRMAN. I want to ask you 2 or 3 questions at this point. What was the Federated Liquor Dealers Association?

Mr. GREENFIELD. It was a retail liquor association organized by people I did not know, except Mr. Bernberg, whom I met.

The CHAIRMAN. Were you a member of the association?

Mr. GREENFIELD. No, sir; I was never a member of the association.

The CHAIRMAN. Were you one of the organizers of the association?

Mr. GREENFIELD. No, sir; I was never an organizer of the association.

The CHAIRMAN. Were you general counsel for the association?

Mr. GREENFIELD. No, sir. I was never paid a fee.

The CHAIRMAN. Were you to be general counsel for the association?

Mr. GREENFIELD. I hoped to be.

The CHAIRMAN. In other words, you were helping to organize it, legal counsel to it in the process of organization, with a view of becoming general counsel of it?

Mr. GREENFIELD. Not just for that, Senator McClellan.

The CHAIRMAN. Well, was that a part of it?

Mr. GREENFIELD. Part of it. There were various other associations, tavern associations.

The CHAIRMAN. All right. In the course of that project, and your participation in it, for that purpose and whatever other purpose, did you have information from time to time as to the progress it was making toward your organization?

Mr. GREENFIELD. No; I did not. Except after an editorial appeared in the newspapers of Chicago, based upon a report that I wrote and submitted to the State's attorney, to the Chicago Crime Commission, and to other civic bodies in Chicago, and to all newspapers.

The CHAIRMAN. What I am trying to find out is, if you were involved in it, to what extent. As I understand you, you were helping or counseling in the organization of it.

Mr. GREENFIELD. That is not true, sir.

The CHAIRMAN. Well, what were you doing?

Mr. GREENFIELD. I was counseling in the developing of a public-relations platform to put before the city of Chicago, which was at that time in the heat of anger over the crime wave and police corruption.

The CHAIRMAN. What connection does that have, then, with the Federated Retail Liquor Dealers Association?

Mr. GREENFIELD. None whatsoever, except that they were part—

The CHAIRMAN. All right. I am not talking about that. I am talking about your connection with the Federated Retail Liquor Dealers Association. What connection did you have with it?

(The witness conferred with his counsel.)

Mr. GREENFIELD. I represented them, as the springboard for putting out this publication report.

The CHAIRMAN. In other words, you were to become its general counsel if the organization of it succeeded?

Mr. GREENFIELD. Well, that was their—

The CHAIRMAN. Did you or did you not, or were you or were you not?

Mr. GREENFIELD. I hoped to be.

The CHAIRMAN. That was a part of the arrangement and understanding; that you were to become the general counsel of it, if the project succeeded?

Mr. GREENFIELD. Yes.

The CHAIRMAN. All right. In the course of that, with that understanding and with your employment in that capacity, although you said you never got a fee, did you draw up its articles of incorporation?

Mr. GREENFIELD. No, sir; that was already organized when I met him.

The CHAIRMAN. They were already organized?

Mr. GREENFIELD. Yes.

The CHAIRMAN. Do you know who drew their articles of incorporation up?

Mr. GREENFIELD. No, sir.

The CHAIRMAN. What service did you perform, then, in assisting it to get organized?

Mr. GREENFIELD. I performed no service in the assisting of the organization, itself.

The CHAIRMAN. Did you assist or did you attend meetings of members of it or those who were promoting the organization of it?

Mr. GREENFIELD. No, I did not.

The CHAIRMAN. Where did you meet these people, Weinberg and Labriolo? You said that you saw them some 7 or 8 times. Where did you meet with them?

Mr. GREENFIELD. I first met Mr. Weinberg in Mr. Abraham Teitelbaum's office. I was there on a matter of an oil deal, having nothing to do with the restaurant associations or anything else.

The CHAIRMAN. Who contacted you to get you into it to be the chief counsel?

Mr. GREENFIELD. I was trying a case before a superior court judge in Chicago on a revocation of a license. I had filed an injunction and it had been granted. The newspapers wrote it up the following day and we had another hearing and when I came out of that hearing this man came up to me, Weinberg.

The CHAIRMAN. Weinberg contacted you?

Mr. GREENFIELD. Yes, sir; in the courtroom. He said, "Do you remember me," and I said, "I do not," and he said, "My name is James Hill, I met you once at Mr. Teitelbaum's office." And so I said, "Yes," still not remembering. He said, "We are very much interested in the stand you are taking on revocation of licenses. There are quite a few associations that have been worried about this and none of their leaders have done anything. There is an association that I know and they would like to meet with you and how about meeting with them and maybe we can get together."

He brought me up to the Federated, where I met Nate Bernberg.

The CHAIRMAN. In whose office was that?

Mr. GREENFIELD. Nate Bernberg's office.

The CHAIRMAN. You were in Bernberg's office?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. Is that the first time that you met with the group that was promoting this project?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. Who was present?

Mr. GREENFIELD. Mr. Nate Bernberg.

The CHAIRMAN. Who else?

Mr. GREENFIELD. That is all I remember, and Mr. Bernberg, and his name at that time was Hill.

The CHAIRMAN. You, Hill or Weinberg, and Bernberg, is that right, the three of you were present?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. What did you discuss?

Mr. GREENFIELD. They discussed or Mr. Bernberg said he had several people who were tavernkeepers who had organized the association

with him, and one of their main problems was that since the closing up of bookies by the Kefauver committee, as a result of that committee's findings, policemen were now using shakedowns in taverns in order to take their graft, and that because a revocation of a license could be had without a hearing that the interim between the revocation and the hearing lasting as long as from 2 to 6 weeks, would put the average tavern owner out of business.

They were interested in seeing if they could change the ordinance of Cook County to where a man would be given a hearing before a revocation.

The CHAIRMAN. Were you employed at that time?

Mr. GREENFIELD. No; I wasn't employed at that time.

The CHAIRMAN. Did you join up with them in the project at that time?

Mr. GREENFIELD. No, I did not.

The CHAIRMAN. When did you join with them?

Mr. GREENFIELD. Subsequently, several days later, or something like that, I ran into a couple of other people who were in the liquor industry.

The CHAIRMAN. Who were they?

Mr. GREENFIELD. I don't remember.

The CHAIRMAN. Well, did they become a part of the promoters of this project?

Mr. GREENFIELD. They were interested in the changing of the law.

The CHAIRMAN. You don't know their names?

Mr. GREENFIELD. I remember one.

The CHAIRMAN. Let us have it.

Mr. GREENFIELD. Henry Morgan.

The CHAIRMAN. What did he do?

Mr. GREENFIELD. He is a beer distributor.

The CHAIRMAN. When did you next meet with the group?

Mr. GREENFIELD. I met with them when they brought in a case of the Red Wagon, revocation of license.

The CHAIRMAN. How long was that after your first meeting with them?

Mr. GREENFIELD. I don't really remember, Senator.

The CHAIRMAN. Just a few days?

Mr. GREENFIELD. It might have been a week.

The CHAIRMAN. It might have been a week?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. Who was present at that meeting?

Mr. GREENFIELD. The proprietor, Mr. Bernberg, I believe, and Mr. Hill or Weinberg.

The CHAIRMAN. The same three of you?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. Together with the proprietor?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. What was the proprietor's name?

Mr. GREENFIELD. I don't remember.

The CHAIRMAN. What did you do at that meeting?

Mr. GREENFIELD. He told me what had occurred and why his license was revoked, and he asked me if I would handle the case, and I said I would.

The CHAIRMAN. You were employed to handle his case at that time. What else occurred?

Mr. GREENFIELD. I was then given another case.

The CHAIRMAN. By whom?

Mr. GREENFIELD. By the association, the Federated.

The CHAIRMAN. Who of the association gave you another case?

Mr. GREENFIELD. I don't remember.

The CHAIRMAN. You would remember that.

Mr. GREENFIELD. I don't remember that.

The CHAIRMAN. Who?

Mr. GREENFIELD. It was Bernberg or Hill, and it was 5½ years ago.

The CHAIRMAN. Who were you dealing with at the time?

Mr. GREENFIELD. Mr. Bernberg.

The CHAIRMAN. And Hill?

Mr. GREENFIELD. And Hill; yes.

The CHAIRMAN. All right; they were representing the association at the time?

Mr. GREENFIELD. No; Bernberg was.

The CHAIRMAN. Bernberg was representing the association?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. So you were dealing with Bernberg, and did he give you a case at that time?

Mr. GREENFIELD. Yes.

The CHAIRMAN. All right, now when was your next meeting?

Mr. GREENFIELD. Well, then we met maybe half a dozen times after that just on general policy.

The CHAIRMAN. "We" is who?

Mr. GREENFIELD. Mr. Bernberg, myself, various other associations, and we met at various meeting halls, and we met once in Springfield with a statewide organization.

The CHAIRMAN. When were you employed by the association, by Bernberg or whoever represented the association?

Mr. GREENFIELD. I was never really employed by them.

The CHAIRMAN. When was it discussed that you would assist in promoting it and then become its chief counsel?

Mr. GREENFIELD. On various occasions.

The CHAIRMAN. On these different occasions you were discussing the prospects of your becoming chief counsel for the association, if it was organized: is that right?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. You had then that contingent interest in it from the time they first began discussing it with you?

Mr. GREENFIELD. No.

The CHAIRMAN. Well, from the time they first talked to you about becoming the counsel for it, you had a contingent interest in its success from that time on: did you not?

Mr. GREENFIELD. No, I had a contingent interest in something that was greater than that.

The CHAIRMAN. I know you may have had other interests, but you mean you had no interest in this at any time, notwithstanding the fact you were looking forward to being general counsel for it?

Mr. GREENFIELD. No, I had the hopes of maybe being general counsel for a tavern association or the liquor group generally.

The CHAIRMAN. I am talking about this one particular association.

Mr. GREENFIELD. This one particular association merely provided me a means for entering into the picture of talking about revocation of licenses.

The CHAIRMAN. Well, I think you have testified to that, and I don't want to misrepresent your testimony, but as I understood your testimony you testified definitely that you had anticipated being general counsel for the Federated Retail Liquor Dealer's Association.

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. If its organization was successful?

Mr. GREENFIELD. That is right.

The CHAIRMAN. And during the promotion of the project you were meeting with them and discussing this project with them?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. Therefore you kept advised, I am sure, of the progress being made?

Mr. GREENFIELD. Yes, sir. Well, progress in a certain sense.

The CHAIRMAN. Toward the success of it?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. And in determining whether it was making progress or not, would it not be natural and did it not occur that they did discuss the number of members they had been able to obtain up to that time?

Mr. GREENFIELD. Yes.

The CHAIRMAN. How many members had they obtained up to the time when you left it?

Mr. GREENFIELD. When the articles appeared in the newspapers of Chicago, editorials supporting the report I had filed with the Crime Commission, they had told me that in the last 2 or 3 days or that week they received from 600 to 700 telephone calls of tavern proprietors saying they wanted to join because this is the kind of work they wanted an association to do.

The CHAIRMAN. Well, now let me see. You haven't answered my question. Did they tell you how many members they had? You said they told you that they had gotten telephone calls, folks who said they wanted to be members. How many members and did they tell you or did you have the information at the time you say you left it as to the number of members they actually had in this association?

Mr. GREENFIELD. Well, they might have mentioned around 1,500.

The CHAIRMAN. You think they mentioned 1,500?

Mr. GREENFIELD. They might have.

The CHAIRMAN. They might have or they might have mentioned any number, but did they?

Mr. GREENFIELD. I have no definite recollection at this time, Senator.

The CHAIRMAN. If they had 1,500 members, they would have a pretty good going organization, wouldn't they?

Mr. GREENFIELD. If they paid their dues, they would.

The CHAIRMAN. Well, they would hardly last long as members if they didn't pay up.

Mr. GREENFIELD. That is probably why it didn't last long.

The CHAIRMAN. That may be, and they may never have had that many members.

Mr. GREENFIELD. That may be true, too.

The CHAIRMAN. You ought to know something about it.

Mr. GREENFIELD. Well, no, sir; I am not trying to be argumentative, Senator, but I am trying to establish that I had an overall objective of pinpointing this.

The CHAIRMAN. Did you make a statement to the staff today, members of this committee's staff, that at that time they had no members?

Mr. GREENFIELD. I made a statement today?

The CHAIRMAN. Yes, today.

Mr. GREENFIELD. I don't recall making that statement.

The CHAIRMAN. Now, if you made a statement about 3 hours ago, you would remember it?

Mr. GREENFIELD. I don't remember making such a statement.

The CHAIRMAN. Did you make it or didn't you? I can't accept your statement that you can't remember whether you did or did not make such a statement.

Mr. GREENFIELD. I would say that I did not make such a statement.

The CHAIRMAN. You would say you did not make such a statement?

Mr. GREENFIELD. That they had no members?

Mr. KENNEDY. As I remember it, they had either no members or have a dozen members, or have few members.

Mr. GREENFIELD. I said that or you said that?

Mr. KENNEDY. You said that in the presence of 4 or 5 people, and with a transcript being taken.

Mr. GREENFIELD. I said they might have no members or 5 or 6 members?

Mr. KENNEDY. Or very few members.

Mr. GREENFIELD. At what point?

Mr. KENNEDY. When I asked you the question.

Mr. GREENFIELD. At what point in their organization—the beginning, or the end?

Mr. KENNEDY. During this period of time, anytime, the largest number. Did you say that or not?

The CHAIRMAN. Do you have a transcript? Let us get the transcript in, and we will come back to it when we get through.

Mr. KENNEDY. Do you remember saying that?

Mr. GREENFIELD. No, I don't recall.

Mr. KENNEDY. Do you deny that you said it?

Mr. GREENFIELD. I won't deny it, but I don't remember saying it.

Mr. KENNEDY. Was it true or not?

Mr. GREENFIELD. I don't remember.

Mr. KENNEDY. Is the statement true that you had very few members in the association?

Mr. GREENFIELD. At one point, there must have been very few.

Mr. KENNEDY. Did you ever have more than very few?

Mr. GREENFIELD. I wouldn't know, of my own knowledge.

Senator ERVIN. Mr. Greenfield, was this organization that Bernberg was interested in called the Federated Retail Liquor Dealers and Tavern Owners' Association?

Mr. GREENFIELD. Yes, sir.

Senator ERVIN. Now, do I understand you that you are now telling this committee that you were never general counsel for that organization?

Mr. GREENFIELD. Yes, sir; I was never paid as general counsel.

Senator ERVIN. I am not asking you that question. I was counsel for a lot of people I didn't get paid for. I am asking you if you are

telling this committee now that you were never general counsel for that organization?

Mr. GREENFIELD. That is right; I was never general counsel for that organization. Do you mean elected general counsel?

Senator ERVIN. I don't care whether you were elected or retained or whether you assumed the office. Were you ever general counsel?

Mr. GREENFIELD. I was general counsel for that organization for about 6 weeks or 8 weeks.

Senator ERVIN. Now, you have sworn here before this committee a number of times within the last 30 minutes that you were never general counsel for it, didn't you?

Mr. GREENFIELD. I said I never received consideration for it.

Senator ERVIN. Didn't you say or haven't you told us a dozen times that you were never general counsel for that association but that on the contrary you expected or hoped to be?

Now isn't that what you swore?

Mr. GREENFIELD. I hoped to be a paid counsel.

Senator ERVIN. Is that the way you put it?

Mr. GREENFIELD. That is what I meant.

Senator ERVIN. Well, I want to ask you a very simple question. Do you swear to this committee that you haven't testified to us on one or more occasions that you were never general counsel for this association?

Mr. GREENFIELD. Senator, can I ask you a question?

Senator ERVIN. You answer mine.

Mr. GREENFIELD. I don't recall whether I said I was never or that I was implying a paid general counsel, a fee or consideration for being a general counsel.

Senator ERVIN. Do you mean to tell me that you can't recall what you have been swearing to in the last 15 or 20 minutes?

Mr. GREENFIELD. I don't remember my exact language.

Senator ERVIN. You are not a layman, and you are a lawyer that is interested in being in court, and concerned with the taking of testimony. Are you now swearing to this committee that you do not recall whether or not you have stated repeatedly to this committee that you were never general counsel for this organization?

Mr. GREENFIELD. I don't know my exact language, and I am trying to say to you, Senator, that in my own mind I am thinking of a general from the standpoint of a paid person with a fee, with a consideration or retainer, that I wasn't on that basis.

Senator ERVIN. I am asking you, were you ever general counsel?

Mr. GREENFIELD. I was for a time called general counsel.

Senator ERVIN. As a matter of fact, don't you know that you joined Bernberg in issuing a statement in which you represented yourself to be general counsel for that organization?

Mr. GREENFIELD. That is right.

Senator ERVIN. And do you know that is set out here in this photostatic copy?

Mr. GREENFIELD. Certainly, and I brought those copies.

Senator ERVIN. At the time you issued that statement as general counsel with the executive director, Nate Bernberg, you issued that statement realizing and expecting that that would stir up interest in this organization and you would get members. Didn't you issue it for that purpose?

Mr. GREENFIELD. No, sir; not completely.

Senator ERVIN. Well, partially?

Mr. GREENFIELD. Well, certainly.

Senator ERVIN. In other words you were sort of advertising yourself as general counsel, and you were advertising Nate Bernberg as the director of the association that was going to clean up everything?

Mr. GREENFIELD. Well, it did.

Senator ERVIN. It did? I thought you said——

Mr. GREENFIELD. The law was passed.

Senator ERVIN. I thought you said that the organization never did make a success.

Mr. GREENFIELD. I am saying that the objective of seeing that there was a hearing before revocation is now the law in Cook County.

Senator ERVIN. But what happened to your organization?

Mr. GREENFIELD. It died.

Senator ERVIN. It is still dead, is it?

Mr. GREENFIELD. Yes.

Senator ERVIN. Is it customary for members of the bar of Illinois to issue public statements about matters in expectation that it will get them employment as attorneys?

Mr. GREENFIELD. Well, that is not putting it in proper language.

Senator ERVIN. You admitted awhile ago that that was partially one of the motives which prompted you to join Nate Bernberg in this statement; did you not?

Mr. GREENFIELD. Well, I wouldn't say that members of the bar of any State, whether it be Illinois or your own State, have ever been accused as shrinking violets in the hope of getting business.

Senator ERVIN. You haven't answered the question. I asked you if you didn't say awhile ago that was one or partially one of the motives that prompted this statement.

Mr. GREENFIELD. The prompting of that editorial or that statement at that time in Chicago—there were hearings going on, crime commission hearings, and it was to see that their public light on an avenue of fraudulent graft that should be stopped.

Senator ERVIN. I am going to ask you the same question for the third time, and that is this: Did you state a few minutes ago within the last 10 minutes that that was one or partially one of the reasons why you joined Nate Bernberg in making this statement, that you hoped it would bring you clients?

Mr. GREENFIELD. That is fine; yes.

The CHAIRMAN. Let the Chair make an observation. I try always to be very indulgent with counsel. There is a rule of this committee that a witness may have the benefit of counsel as he testifies to advise him of his legal rights, but counsel will not be permitted to put words in the witness' mouth. I haven't heard the words, but I have observed that counsel repeatedly, when a question is asked, has a whispered conversation with his client. I just simply call counsel's attention to the rule of the committee, which if we find it is being violated will be enforced.

Proceed.

Mr. CLINTON. May I merely say, Mr. Chairman, I was just trying to induce the witness to answer precisely and not give speeches.

The CHAIRMAN. It would be very good to give him that advice.

Mr. CLINTON. That is what I am trying to do.

The CHAIRMAN. I believe he has that advice.

Mr. CLINTON. I am trying to get him to answer "Yes" or "No," and that is all.

The CHAIRMAN. That would be very helpful if you could do that.

Mr. CLINTON. It is not always easy, Senator.

The CHAIRMAN. I have before me a transcript of your conversation with the staff of the committee some 2 or 3 hours ago. The question was asked, "How many members did they have?" Do you remember that question being asked you?

Mr. GREENFIELD. Frankly, I don't.

The CHAIRMAN. And your answer:

At that time they had very little. They said they had several hundred, but I myself think that they had 15 or 16 taverns.

Did you make that statement?

Mr. GREENFIELD. Yes.

The CHAIRMAN. You made that statement?

Mr. GREENFIELD. Yes, sir.

The CHAIRMAN. All right.

I may ask you, Is that statement correct, and is it true?

Mr. GREENFIELD. As far as I know, and it may not be true, and I don't know the exact membership.

The CHAIRMAN. In making that statement, you said, "But I think that they had 15 to 16 taverns."

Was that your honest judgment as to the progress that had been made?

Mr. GREENFIELD. That was my judgment at the time I first met them.

The CHAIRMAN. What was your judgment when you left them?

Mr. GREENFIELD. When the editorial support of the newspapers, and the report of the crime commission supporting it came out, and the flood of phone calls that came in that week, I felt that they were well on their way with good membership.

Senator, I just want to point one thing out. I was involved in this thing for 10 weeks, and I appeared before the Chicago Crime Commission voluntarily, and I told my story there, and Lieutenant Morris never appeared but he told me when I came out of those hearings that I have put manure on the Chicago police and some day he will get even. Today in one half hour he took a lawyer who had never been involved in anything but banking and insurance and corporate work and made him a comrade of the local hoodligans and the underworld through what he admitted was a broken-down Weinberg who had as much say in the underworld and prestige in the underworld as a skid-row bum.

The CHAIRMAN. Well, the Chair and the committee will not undertake at this time to pass judgment upon the accusations and recriminations. Obviously I think it is apparent to all members of the committee and others who are listening that there has been such a conflict of testimony under oath between you and other witnesses that it is a matter that should receive the attention of the Justice Department.

The transcript with the approval of the committee will be referred to the Justice Department for its vigorous attention.

Mr. CLINTON. May I say we would welcome such an examination, Mr. Chairman.

Mr. GREENFIELD. May I present this police report? May I ask you an academic question? And you don't have to answer it.

The CHAIRMAN. I may not know the academic answer.

Mr. GREENFIELD. Would you perhaps, now that you have heard all of the testimony, tell me why on January 5, 1953, if I were such a great consort of the hoodlums, my family and I would be threatened to be killed? This isn't my record. This is the record of the police department of the town.

The CHAIRMAN. Well, sir, I can't answer that, except from testimony that we have heard, gangsters and hoodlums frequently get killed without any apparent reason.

Mr. GREENFIELD. If I was the new "white-haired" boy, or I shouldn't say that, of the gangsters, why would they be threatening to kill me?

The CHAIRMAN. I wouldn't know, but the "white-haired" boy becomes the one who is scalped tomorrow in this racket, and I really don't know why. Let us get off the academic and proceed back, Mr. Counsel, to the interrogation.

Is there anything further?

Mr. KENNEDY. No; I don't believe there is. I think, of course, this witness as we pointed out before testified before the crime committee at that time.

The CHAIRMAN. Do we have a record of the crime committee?

Mr. KENNEDY. We are getting the record.

The CHAIRMAN. When the record of his testimony before the crime committee is received, the official record of it, I will order that that record be made exhibit No. 21, for reference. It will be a part of the record.

(Document referred to was marked "Exhibit No. 21," for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. He does describe himself, according to the report, as the attorney for this organization. Yet, according to testimony here, these individuals with whom he was working stated that they were being backed by the syndicate, and that they had the backing of the great hoodlums and underworld figures in Chicago.

The CHAIRMAN. All right. We will have the whole transcript properly dispatched to the Justice Department.

Senator MUNDT. Did you testify in 1953, Mr. Greenfield, before the so-called Big Nine Crime Commission?

Mr. GREENFIELD. Yes, Senator.

Senator MUNDT. In that testimony did you advise the commission that you had evidence of some shakedowns by the police of taverns?

Mr. GREENFIELD. Yes, sir.

Senator MUNDT. Did you say you had evidence of roughly about 15 such shakedown cases?

Mr. GREENFIELD. Yes, sir.

Senator MUNDT. Did you supply that evidence to the crime commission?

Mr. GREENFIELD. No, sir.

Senator MUNDT. Did they ask you for it?

Mr. GREENFIELD. Yes, sir.

Senator MUNDT. Why didn't you supply it?

Mr. GREENFIELD. Because the police captain had the power of revocation and until such law was passed, the tavern keeper was in jeopardy of his economic life and so there was no point in turning it over. It wasn't a point of trying to pinpoint any particular police-

man. It was a point of trying to eliminate a law that lent itself to easier graft.

Senator MUNDT. Since the law has been passed, and that can no longer happen, because you have to have a hearing before revocation of license, have you supplied the crime commission with the instances of those attempts at shakedowns?

Mr. GREENFIELD. No; I haven't, and nor have they asked for it.

Senator MUNDT. They have not asked for it?

Mr. GREENFIELD. No.

Senator MUNDT. Is the crime commission still in existence?

Mr. GREENFIELD. Oh, no.

Senator MUNDT. It was just a special crime commission set up for a specific investigation?

Mr. GREENFIELD. Yes.

Senator MUNDT. Are you prepared now to submit that to whatever proper authorities might ask you for that evidence, and are you prepared to submit it?

Mr. GREENFIELD. No; I am not.

Senator MUNDT. By now you have forgotten it, I suppose.

Mr. GREENFIELD. Well, it is a good way to put it.

The CHAIRMAN. Are there any further questions?

Senator ERVIN. Did you supply it to the district attorney?

Mr. GREENFIELD. No; he knew about it and I told him about it.

Senator ERVIN. You say you did not supply it to him but you told him about it. To what district attorney did you supply the information about shakedowns by police?

Mr. GREENFIELD. State Attorney Goodnick.

Senator ERVIN. When did you supply it to him?

Mr. GREENFIELD. During that period.

Senator ERVIN. Did he taken any action?

Mr. GREENFIELD. Did I give the names of the policemen; no. I wouldn't give the names of the policemen.

Senator ERVIN. You are posing here before this committee and in this statement you put before the Chicago Crime Commission as a person trying to promote law and order and decent conduct among the police force, and you say that you had information about the city of Chicago police shaking down tavern owners, and you didn't give that information to anybody?

Mr. CLINTON. Mr. Chairman, I want to talk to him about a legal matter in this respect, if I may?

The CHAIRMAN. You may.

(Witness consulted with counsel.)

Mr. GREENFIELD. No, I did not.

Senator ERVIN. You did not?

Mr. GREENFIELD. No.

Senator ERVIN. You never told a single human being the names of any police officers that you claimed were engaging in shakedowns of tavern owners at that time?

Mr. GREENFIELD. No, I haven't.

Senator ERVIN. Can you give the committee the names of any of them at this time?

Mr. GREENFIELD. No.

Senator ERVIN. That is all.

Mr. KENNEDY. Lieutenant Morris, would you stand up a moment?

Did you ever hear Greenfield discuss the question of this shakedown by the policemen while in this association office?

Mr. MORRIS. That was one of the platforms they were using to attract attention, that the police had too much power.

Mr. KENNEDY. Did he discuss the 15 cases at all there?

Mr. MORRIS. I heard him mention police corruption, but no specific number of cases.

Mr. KENNEDY. Did he state he had made these cases up at that time? Did you have a report on that?

Mr. MORRIS. There may be, and I couldn't tell.

Mr. KENNEDY. Does Mr. Duffy know that? Do you know Mr. Duffy?

Mr. DUFFY. What was the question?

Mr. KENNEDY. The question was, where had he arrived at the figure of 15, and what was the basis of fact of the 15 cases?

Mr. DUFFY. I remember correlating summary reports on that specific instance.

Mr. KENNEDY. Do you remember that?

Mr. DUFFY. I remember the general gist of it, and it was a pre-fabricated story to help promote the Federated Retail Liquor Dealer's Association, as were many of the features of the organization prefabricated also.

Mr. KENNEDY. I believe the report that you made at the time also shows that Mr. Greenfield admitted at the office that he was making these stories up.

Mr. DUFFY. That is right.

Mr. KENNEDY. And he made up the number of membership of 1,500?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Thank you.

The CHAIRMAN. All right, Mr. Greenfield, if you want to make any statement. Did you wish to make any comment about it, Mr. Greenfield?

Mr. KENNEDY. It is a report on March 2, Mr. Chairman.

Mr. GREENFIELD. May I make a statement?

(At this point, the following members were present: Senators McClellan, Ervin, and Mundt.)

Mr. GREENFIELD. May I make a statement?

Mr. KENNEDY. Yes.

Mr. GREENFIELD. I will make a statement that I was involved in the Tavern Association for a period of 10 weeks. My objective at that time was to get a law passed that would give a man a hearing without revoking his license. This objective was ultimately achieved. In the course of meeting with various tavern associations, there were men of background that might not have been of the best. But they were unimportant.

The objective we tried to reach was to eliminate a law that allowed further corruption. Chicago at that time was in a great fit of excitement to the public. The Kefauver committee had exposed the link between crime and the police. This is very important to me, Senator, because for 10 weeks of having done a job that was good, I have been maligned and blasphemed.

This is a very important thing. I have only this to say: that if there are these hoodlums who exist, and if there are these crimes that

exist, and they go on year after year after year, because I heard about it as a child, I heard it under the Kefauver committee, and I hear about it now, I think it would be pretty reasonable to assume that the continued existence of illegal enterprises, except for occasional interruptions, could only exist with the overt cooperation of the police and political figures.

Mr. KENNEDY. And businessmen?

Mr. GREENFIELD. Well, you are probably right, sir.

The CHAIRMAN. And, we might say, and some lawyers.

Senator ERVIN. In this connection, Mr. Greenfield, you and Mr. Bernberg—you prepared the statement, didn't you, that you and Mr. Bernberg issued to the crime commission?

Mr. GREENFIELD. Yes.

Senator ERVIN. You and Mr. Bernberg issued this statement to the effect that tavern keepers had paid cops anywhere from \$350 to \$2,000 to avoid being charged with liquor law violations, didn't you?

Mr. GREENFIELD. Yes, sir.

Senator ERVIN. Did you have information to that effect?

Mr. GREENFIELD. Yes, sir.

Senator ERVIN. Did you have the information? Where did you get the information?

Mr. GREENFIELD. From the tavern owners.

Senator ERVIN. And did you get the names of the crooked cops?

Mr. GREENFIELD. No, sir.

Senator ERVIN. Don't you think maybe as a lawyer, an officer of the court, who gets information of that kind and then fails to turn it over to any prosecuting agency of the government is also responsible for crime conditions such as you say you have heard about in Chicago since you were a child?

Mr. GREENFIELD. I suppose so. I drank gin bucks during prohibition. I suppose I am as bad as a bootlegger.

Senator ERVIN. You go and make this statement that cops have gotten as much as \$2,000 in shakedowns. You have never at any time either given the information to any prosecuting attorney or given any specific cases; have you?

Mr. GREENFIELD. I wasn't retained by these people to give the information to the prosecuting attorney. I was given the information for the purpose of seeing if we could work up an interest in changing the law.

Senator ERVIN. And you made a public statement that would cast suspicion on every police officer of the city of Chicago, and you issued that statement for the purpose, among other things, of building up the business of this company of which you were or hoped to be general counsel.

Mr. GREENFIELD. On the contrary, Senator, that editorial you hold in front of you specifically states that the overwhelming majority of the police in the city of Chicago are honest.

Senator ERVIN. The editorial may say that——

Mr. GREENFIELD. That is the report that we submitted.

Senator ERVIN. But your statement, you issued a statement charging the police force or members of the police force of Chicago with these shakedowns, and you have never yet made the least effort to bring a single one of them to prosecution; have you?

Mr. GREENFIELD. That wasn't my objective.

Senator ERVIN. No; your objective was to advertise the company of which you were general counsel or hoped to be general counsel so they might get some business and so you might get some fees; wasn't it?

Mr. GREENFIELD. No, sir. That was only one of the objectives.

Senator ERVIN. That was one of your motives.

Mr. GREENFIELD. Yes, sir; and it is a legitimate motive.

Senator ERVIN. And you are not concerned at all with seeing any of the guilty men that have been guilty of these shakedowns being brought to justice?

Mr. GREENFIELD. I was concerned with seeing a law that makes it possible changed.

Senator ERVIN. And right today you say you are unable to give this committee the names of any of the officers that receive shakedowns of that character?

Mr. GREENFIELD. The clients that I represented there were interested in getting the law changed and not in getting themselves heroes.

Senator ERVIN. You see, you never answer the question, until after several efforts.

Read my question.

(The pending question was read by the reporter, as requested.)

Mr. GREENFIELD. It is a lawyer's confidential communication, a privileged communication.

Senator ERVIN. I have never heard that, and I have been a lawyer a long time, but I think there's no requirement that you keep confidential anything about the rascality of anybody except your own clients.

Mr. GREENFIELD. Well, my clients have asked me to keep it confidential, because they are still in business.

The CHAIRMAN. Unless you got it from your clients. They could not ask you unless they were your clients at the time you got the information.

Senator ERVIN. In other words, you are swearing to this committee that they had been shaken down for anywhere from \$350 to \$2,000 and you would not tell the officers of the law about it?

Mr. GREENFIELD. I am not so smart. I don't understand why Lieutenant Morris has waited 5 years to testify.

Senator ERVIN. You don't answer questions. Mr. Greenfield, when we ask you a question, you talk about something else.

That is all.

The CHAIRMAN. Let me ask Mr. Duffy a question.

Mr. Duffy, you testified a moment ago. Have you seen a summary of your report that you made on this matter?

Mr. DUFFY. Yes, sir; I have.

The CHAIRMAN. I hand you what I understand is a summary of the report you made. I ask you to look at the bottom paragraph of page 6 and read it to yourself and then tell me whether you identify that as a part or substance of your report.

(The document was handed to the witness.)

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Is that a part of your report?

Mr. DUFFY. Yes, sir; it is.

The CHAIRMAN. Will you read that part of your report?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Just before you do, let me ask one question of Mr. Greenfield.

Mr. Greenfield, I think I heard you say in your testimony that you volunteered to go before the Big Nine Crime Committee, is that correct?

Mr. GREENFIELD. Well, they called me up and asked me if I would appear and I said "Very happy to."

The CHAIRMAN. Were you subpoenaed?

Mr. GREENFIELD. I don't think it was a subpoena. I think it was a summons, an invitation or a summons. I don't remember how it came.

The CHAIRMAN. You say you volunteered. You responded to an invitation, at least, or responded to a subpoena. Which was it?

Mr. GREENFIELD. I was called up by one of the aldermen. I don't remember the name now. He asked me whether I would appear, in view of that editorial, if I would appear before the committee.

I said "Any time you want to." The following week I received a subpoena.

The CHAIRMAN. So instead of volunteering as a lawyer, you know you responded to a subpoena, don't you?

Mr. GREENFIELD. I know I offered to volunteer to appear before them.

The CHAIRMAN. You did not offer until you were called.

Mr. GREENFIELD. Senator McClellan, they called me up by this committee and asked if I would come over and talk to them. I went over. When I was there, they gave me a subpoena. I still volunteered. They didn't have to look for me.

The CHAIRMAN. Well, all right.

I think the record shows that he was subpoenaed. If he wants to say volunteered, we will not quibble about it.

All right, Mr. Duffy, read the summary, that paragraph in the summary, of your statement.

Mr. DUFFY (reading) :

On March 2, 1953, Greenfield received a subpoena to appear before the Big Nine Crime Committee. During his testimony before this committee, Greenfield testified that the Federated Retail Liquor Dealers Association was comprised of a membership of 1,500. Actually, the total membership was 6 members. Greenfield further testified that he had evidence of at least 15 shakedowns committed by the police against members of the association.

Actually, Greenfield has never received any such complaints. In subsequent conversations he was overheard to say he manufactured this statement on the spur of the moment.

The CHAIRMAN. Are you the one who heard him say it?

Mr. DUFFY. Well, no, sir. I compiled this from a summary of reports. The following day, after Mr. Greenfield testified before the Big Nine Committee, or rather, during the course of the day while he was testifying, members of our unit were serving subpoenas on Nate Bernberg and various other members of the association, in order that the police might be able to refute what Greenfield had testified to. The day on which Mr. Greenfield testified terminated the doings of the Big Nine. The police department never had an occasion, or never had the opportunity to state their case before the Big Nine with reference to Mr. Greenfield's testimony.

In other words, to impeach him.

The CHAIRMAN. So the committee, as I understand you now, the Big Nine Committee, terminated on the same day that Mr. Greenfield testified?

Mr. DUFFY. Yes, sir, the same day or the following day.

The CHAIRMAN. What do you mean by terminated?

Did the life of it expire?

Mr. DUFFY. Well, it became enmeshed in some legal problems, I think, as I recall.

The CHAIRMAN. Did they hold any more hearings?

Mr. DUFFY. No, sir.

The CHAIRMAN. That was the last hearing they held, the day Mr. Greenfield testified?

Mr. DUFFY. Yes, sir.

Senator MUNDT. Mr. Duffy, what was the address of the office of the association where you and Lieutenant Morris established surveillance?

Mr. DUFFY. 10 North Clark Street.

Senator MUNDT. How many times did you tell the committee, Mr. Greenfield, that you were in the offices at No. 10 North Clark Street?

Mr. Greenfield?

Mr. GREENFIELD. What is that, sir?

Senator MUNDT. Earlier in your testimony you were asked how many times you were in the offices of the association at No. 10 North Clark Street. How many times did you say you were in that office?

Mr. GREENFIELD. During the course of the 10 weeks?

Senator MUNDT. During the course of the 10 weeks.

As I recall, you said 5 or 6 or 6 or 8, but I may be wrong.

Mr. GREENFIELD. For a period of a few weeks I was there 4 or 5 times a week.

Senator MUNDT. I think the earlier testimony, and, of course, whatever you said was in the record, will show up in print, I think it was considerably less than that.

In 10 weeks, that is about 50 times.

Mr. GREENFIELD. I said for just a period of a few weeks.

Senator MUNDT. How many weeks?

Mr. GREENFIELD. I don't remember.

Senator MUNDT. Eight of the ten weeks, would you say?

Mr. GREENFIELD. If I don't remember, it is I can't remember whether it was 8 of the 10 weeks or 6 of the 10 weeks.

Senator MUNDT. If you don't remember, you can't tell whether it was a few weeks either.

Mr. GREENFIELD. What is that?

Senator MUNDT. If you can't remember, you can't remember whether it was a few weeks.

Mr. GREENFIELD. I know when I was busy writing a report and gathering certain evidence, I saw them more often.

Senator MUNDT. Do you suppose you were there as many as 35 times altogether?

Mr. GREENFIELD. I might have been.

Senator MUNDT. Maybe 45?

Mr. GREENFIELD. Maybe.

Senator MUNDT. Maybe 55?

Mr. GREENFIELD. Maybe.

Senator MUNDT. Maybe 60?

I wouldn't go beyond that, but that is a big departure from your earlier testimony of 5 or 6 times.

Mr. GREENFIELD. Maybe I didn't understand the question before.

Senator MUNDT. You would be a much more convincing witness, I might say, if you would be a little more consistent; if you had a better memory. But you keep changing positions so fast it is pretty difficult for someone on this side of the table to know just what in the world you were doing.

Mr. GREENFIELD. Maybe, Senator, it is just because if I am changing or shifting, I am not conscious of it.

I will admit I am very, very much excited, terribly tense and terribly angry, because the man who said that some day he would smear me, he has been able to do it, and this committee rather than take a look at it, the overall objective of what was accomplished, and rather than take a look at the talk with the State's attorney, that I reported to the police on January 5, that I acted as a legitimate businessman or attorney, and take those facts into consideration as you would, from an impartial standpoint, say, "Here is a man that travels with hoods."

He goes to the police, to the State's attorney, writes reports to the crime commission, appears before them, and here all this time these great intelligence officers had this information, they had the commissioner of police behind them, the mayor behind them, the aldermen behind them, but they didn't testify because I testified on the last day and they made no arrests. Because I was what? A big power? With who?

I mean, doesn't this strike you as being strange?

Senator MUNDT. The whole situation strikes me as strange. It would sound a lot simpler if you told me you appeared before the crime commission and you said you had 15 pieces of evidence about 15 shakedowns, and what were they, and if you had related them there, instead of saying "I wouldn't tell you."

It would have eliminated some of the bizarre nature of this whole thing, in my opinion, and then the blind knowledge would have stopped.

Mr. GREENFIELD. I can understand your puzzlement there. But if I can just give you the circumstances then, these men, the tavern-keepers, were still under the law, with the police captain having the sword of Damocles hanging over their heads.

They were interested in changing the law. They were not interested in becoming subject to any vindictiveness or retaliatory measures by the police by coming out and saying, "I paid so-and-so so-and-so." We can sit here and ask why we didn't act with the greatest holiness, but you know there are a lot of people who may do things in graft, who will resent the fact that they had to pay it, but will not take the steps to say, "I paid so-and-so so-and-so," especially if they are in business.

Senator MUNDT. Could be.

The CHAIRMAN. Is there anything further?

Mr. CLINTON. Senator, may I tender this as an exhibit to you, sir?

The CHAIRMAN. You may pass it up.

Mr. CLINTON. This is the police report on January 3, 1953.

Senator MUNDT. Are you sure, Mr. Greenfield, that you met Mr. Labriola just one time?

You met him once?

Mr. GREENFIELD. Yes, it was in a restaurant.

Senator MUNDT. You are sure you didn't meet him any other time?

Mr. GREENFIELD. To the best of my recollection, I don't ever remember meeting him again. You see, at that time, men like him did not come downtown or in places where a lot of the public congregated. They were picked up.

Senator MUNDT. Were you ever told by Mr. Bernberg not to mention the fact that Mr. Labriola was connected with the association?

Mr. GREENFIELD. Senator, Mr. Bernberg and myself used to wink at each other across the desk as we listened to these crummy psychopaths sit around and talk how they were going to take over Chicago. This, viewed in another light, makes dramatic reading, makes like a terrific job of accomplishment by the police. But if you will search the records of these men and find out how completely—I will give you one example, this man that they mentioned. About a year goes by and he runs into me on La Salle Street, rundown shoes, needed shave.

Senator MUNDT. This is Labriola?

Mr. GREENFIELD. No, one of the great syndicate characters that Lieutenant Morris—

Mr. KENNEDY. Who was it?

Mr. GREENFIELD. Lombardi. He said to me "I just got into town a few days ago. How you been?"

I said "Fine." I said "How you been?"

I am looking him over. He said, "I am in trouble, Mayor Kennelly called me the other night and said "Joe, I heard you got in town. Why didn't you call me?" "

You are dealing with real screwballs. Now you sit down and talk about a couple of guys that can't fight their way out of a paper bag, talking about big syndicate members, with Senators and this. It sounds like a big blot. May I tell you, Senator, if the syndicate was really interested in what we were doing, did they have to go to a Nate Bernberg, who had four members in his association, according to your records, to take over and move in on the retail taverns in Chicago? Do you think these men had enough muscle, enough strength, and enough power that they had to start with a little crumb joint on North Clark Street? Does that make sense to you, Senator?

Senator MUNDT. No; it doesn't.

I am completely puzzled.

Mr. GREENFIELD. This is conjured up as a great picture by Lieutenant Morris.

Senator MUNDT. It doesn't make sense to me why you want to become general counsel to an organization run by a couple of crackpots.

Mr. GREENFIELD. That is right. That is why I left. The whole thing was 10 weeks. But forget about me. Let's say I am sitting here, and I am lying. Take for granted that I am a character as he painted. Just take the physical facts into consideration.

It is important to me as a human being. Would a syndicate, assuming the power that you men say it has, big enough so that the Sun-Times is running television on it, with that kind of power, do they have to start moving into a retail tavern association, through an or-

ganization by Nate Bernberg, who has a side job and a political, in city hall, with 4 members or 6 members?

This is the way they have to get started? Does that sound logical? Would Henry Crown or Mr. Kennedy have to start a business by investing \$1,000? These are big men, if they are big syndicate people from what I read in the paper. Why do they need an organization of 3 or 4 men? Why do they need a Bob Greenfield?

Senator MUNDT. Maybe Weinberg and Bernberg fooled them like they fooled you. You thought they were big enough to set up an association and establish you as general counsel.

Mr. GREENFIELD. Bernberg was not fooled. He used to sit and say, "I knew Jim since he was a kid. When he had 10 bucks in his pocket, he wanted to leave for New York and buy the Empire State Building."

Senator MUNDT. Maybe Bernberg fooled and misled the syndicate as you say he misled you.

Mr. GREENFIELD. Bernberg?

Senator MUNDT. Yes.

Mr. GREENFIELD. You mean Weinberg?

Senator MUNDT. Both of them.

They would sit and wink at each other. The Winker Bros., I am thinking of.

Mr. GREENFIELD. I am a Bernberg winker, not a Weinberg winker.

Weinberg is the one who made the wink.

Senator MUNDT. To Bernberg?

Mr. GREENFIELD. Who is on first?

Senator MUNDT. It is just as illogical to me that they kept you on the hook for 10 weeks, thinking you were going to become general counsel for a new association.

Mr. GREENFIELD. Well, I can prove this, and Lieutenant Morris knows it, that Mr. Weinberg or Mr. Hill used to try to get a dollar for coffee. Here is a man that said to me, "Don't worry about Teitelbaum. I will get you his job at \$125,000 a year."

I said, if they had recordings, "Gee, Jimmie, that is wonderful."

Now, assuming I have normal intelligence, enough to pass a bar exam, would I have believed that a man who hasn't got money to buy coffee is going to turn over a job to me in a month's time of \$125,000 a year?

Senator MUNDT. I wouldn't think so, but you look to me so much more intelligent than to have to go back 45 times to the same outfit to find that out. I am giving you credit for fewer times than you say. You said 60, and I am cutting it to 45.

Mr. GREENFIELD. These people provided—and any newspaperman knows what I mean and any public-relations man knows what I mean—they provided me with the necessary springboard for writing this report.

Coming from a wholesaler, it would not have been as good. But coming from retail outfits, the other established retail outfits did not want to lend themselves to this report.

They wanted it, but they were afraid they would be subject to harassment. So this new organization, because they were new, were willing to lend themselves, and it gave me the necessary hook for producing a report that eventually changed the law. This was the only reason I saw them.

Senator MUNDT. I am not entirely familiar with the report aspects of this case. Is that the report you made to the crime commission?

Mr. GREENFIELD. Yes, sir.

Senator MUNDT. Why did you have to wait until you were subpoenaed to make it?

Mr. GREENFIELD. I did not wait until I was subpoenaed.

Senator MUNDT. Well, invited.

Mr. GREENFIELD. I didn't wait until I was invited.

Senator MUNDT. Well, they called you.

Mr. GREENFIELD. They were also calling people and having all kinds of trouble of their own. They were interviewing a lot of police captains at that time who had terrific investments and saved a lot of money.

They called me and said, "We would like to talk to you about this shakedown."

And I said, "Any time you are ready, let me know, and I would be very happy to appear."

Then one day a policeman walked in and handed me a subpoena. By the same token, if you had called me here and said, "We want you to appear in Washington," you would not have to give me a subpoena. I would have appeared. But you can now put on the record that I was subpoenaed. I was.

Senator MUNDT. Is it your feeling and belief that if you had not gone down to the crime commission that day and testified, the city ordinance would not have been passed?

Mr. GREENFIELD. Well, that is a very hard thing to say. I do know that the report that we filed received the editorial support. And because it made sense, and it did make sense, and because there was considerable—there is a brief that was filed by Mr. Clinton incidentally, a complaint in a lawsuit in a United States Federal court—if you will look at the newspapers at that time you will find there was considerable editorializing, headlines and stories, about the tieup between police and crime, so at that time it was timely, and even if I had not appeared at the crime commission, I think the report in itself got them to thinking about it and they decided as long as it was an avenue of graft, it was a good thing to eliminate.

Senator MUNDT. That is all.

Mr. KENNEDY. You say that there was editorial and interest in the tieup between the police and crime. You had information yourself of the tieup with crime. You had these individuals saying that they were associated with the syndicate in Chicago.

Mr. GREENFIELD. Which individuals?

Mr. KENNEDY. These individuals. Weinberg, with whom you were associated.

Mr. GREENFIELD. I was not associated.

Mr. KENNEDY. Well, whom you met in the office around 45 or 50 times. He was telling you he was taking instructions from the syndicate.

Mr. GREENFIELD. Because I knew he wasn't.

Mr. KENNEDY. Why didn't you tell the crime committee about that?

Mr. GREENFIELD. About him?

Mr. KENNEDY. Yes.

Mr. GREENFIELD. I wouldn't want to be a dead hero.

Mr. KENNEDY. You wouldn't want to be a dead hero. Then you go to the crime committee and appear before them as somebody who has 1,500 members.

Mr. GREENFIELD. Well, let me put it this way. There is a basic reason because I didn't tell it to the crime commission, any more since I didn't believe it.

Mr. KENNEDY. As Senator Mundt says, you went there 45 or 50 times——

Mr. GREENFIELD. I don't know how many times I went down there. So don't peg on something I don't remember and use that as a hook.

Mr. KENNEDY. You said 6 times first, and 45 or 50 times second. If you were telling the truth——

Mr. GREENFIELD. I am telling the truth.

Mr. KENNEDY. All right.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. The statement filed by counsel will be filed with the committee.

Mr. KENNEDY. This witness will be recalled in another hearing at a later time.

Mr. CLINTON. May I assure the committee that, on request of any representative of the committee, we will appear upon reasonable notice.

The CHAIRMAN. Further testimony will be required during the course of the committee's work. Upon reasonable notice of the time and place the committee desires to further interrogate the witness, he will appear without further subpoena?

Mr. CLINTON. That is correct.

The CHAIRMAN. The committee will stand in recess until 10 o'clock in the morning.

(Whereupon, at 5 p. m., the hearing was recessed with the following members present: Senators McClellan, Ervin, and Mundt, to reconvene at 10 a. m., Friday, July 18, 1958.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, JULY 11, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, United States Senate, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; John J. McGovern, assistant counsel; LaVern J. Duffy, investigator; James P. Kelly, investigator; James Mundie, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the session were: Senators McClellan and Ervin.)

The CHAIRMAN. Before we proceed with the next witness, the Chair will announce that we have information that, both in Detroit and in Chicago, efforts are being made to intimidate witnesses or some of the witnesses that are under subpoena to come before this committee and testify. The committee has requested, and the FBI has promptly responded, an investigation to get on these cases immediately.

I have heretofore said, and I repeat, that, in my judgment, any such act or any attempt to intimidate, coerce, or threaten a witness under subpoena by this committee is an act in contempt of the United States Senate. If we can apprehend those who are guilty of it, we will deal with them in that fashion.

I think, also, they would be guilty of an attempt or conspiracy to obstruct justice and to obstruct due process of the Senate. I am hopeful the FBI will be successful in discovering those who may be engaged in such activity and that we will be able to bring them to justice and that they will receive proper punishment for their offense.

All right; is there anything further?

Mr. KENNEDY. I might add that there were 2 separate occasions in the past week in Detroit, and 1 instance in Chicago on a witness who is to appear early next week. The two other witnesses are to appear in our Detroit hearings, which will start within the next several weeks.

The CHAIRMAN. I don't know how you would need any stronger evidence to convince one that the underworld element is operating in a fashion that threatens and endangers the security of our country. I am hopeful that these hearings will continue to reveal their activities, particularly as they infiltrate into business and labor organizations, and that, as a result, we will be able to legislate in this field so as to prevent, where it is possible to do so, such action and to punish those who may be guilty of such conduct.

Call the next witness.

Mr. KENNEDY. Mr. Sam Battaglia.

The CHAIRMAN. Is the witness present?

Mr. KENNEDY. I believe the lawyer said that he was present.

The CHAIRMAN. You do solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BATTAGLIA. I do.

TESTIMONY OF SAM BATTAGLIA

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. BATTAGLIA. My name is Sam Battaglia. I live at 1114 North Ridgeland Avenue, Oak Park, Ill.

The CHAIRMAN. What is your business or occupation?

Mr. BATTAGLIA. I refuse to answer on the ground that my answer—wait a while—I refuse to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you have counsel?

Mr. BATTAGLIA. I am appearing without counsel.

The CHAIRMAN. Do you waive counsel, then?

Mr. BATTAGLIA. Yes, sir.

The CHAIRMAN. I suggest you change that word "refuse" to "decline."

Mr. BATTAGLIA. I decline.

The CHAIRMAN. Will you make that change as you read your statement?

Mr. BATTAGLIA. I don't understand.

The CHAIRMAN. I said, instead of using the word "refuse," will you say you "decline"?

Mr. BATTAGLIA. Do I have to do that?

The CHAIRMAN. Well, you may have to. I think "decline" shows a little more respect for your Government, don't you?

Mr. BATTAGLIA. O. K.; decline, then.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Could you tell us, Mr. Battaglia, a little bit about your background, as to where you were born?

Mr. BATTAGLIA. I decline to answer on the ground that that may tend to incriminate me.

Mr. KENNEDY. Just where you were born, Mr. Battaglia. Can't you tell us that?

Mr. BATTAGLIA. I answered already.

Mr. KENNEDY. I am asking you again to reconsider your answer. Could you tell us where you were born, and the date of it?

Mr. BATTAGLIA. I answered it.

Mr. KENNEDY. No; I would like to have you reconsider it, and what is your answer on reconsideration of my question?

Mr. BATTAGLIA. I answered it.

Mr. KENNEDY. You haven't answered this question. I want to have the date and the place of your birth.

Mr. BATTAGLIA. I decline to answer on the ground that that may tend to incriminate me.

Mr. KENNEDY. You were born in Chicago, were you, in 1909; is that correct?

The CHAIRMAN. Let the Chair make a record here, please. We are going to test out some of these instances. The Chair will ask you the question: Where were you born?

Mr. BATTAGLIA. I refuse to answer—decline to answer on the ground that that may tend to incriminate me.

The CHAIRMAN. With the permission of the committee, with its approval, the Chair orders and directs you to answer the question.

Mr. BATTAGLIA. I answered it.

The CHAIRMAN. Is that your answer?

Mr. BATTAGLIA. Yes, sir.

The CHAIRMAN. You understand that you are being ordered and directed by this committee to answer the question as to where you were born?

Mr. BATTAGLIA. I just told you where I was born.

The CHAIRMAN. You did?

Mr. BATTAGLIA. I just told you.

Mr. KENNEDY. Is that correct?

Mr. BATTAGLIA. I answered the question.

The CHAIRMAN. Now, I asked you the question, and I have ordered and directed you to answer, and state where you were born.

Mr. BATTAGLIA. I answered it.

The CHAIRMAN. Is that your answer?

Mr. BATTAGLIA. Yes, sir.

The CHAIRMAN. That is not an answer. That answer will not be accepted. Do you still refuse to answer?

Mr. BATTAGLIA. I answered it.

The CHAIRMAN. I said: Do you still refuse to answer and state to this committee where you were born?

Mr. BATTAGLIA. I answered it.

The CHAIRMAN. Is that the answer you want to give?

Mr. BATTAGLIA. Yes, sir.

The CHAIRMAN. Your answer is that you refuse or decline on the ground that to answer it might tend to incriminate you?

Mr. BATTAGLIA. Yes, sir.

The CHAIRMAN. Do you honestly believe if you told this committee where you were born that a truthful answer to that question might tend to incriminate you?

Mr. BATTAGLIA. One answer leads to another, and I am not answering.

The CHAIRMAN. I asked you if you honestly believed that, if you gave a truthful answer to the question: Where were you born? a truthful answer might tend to incriminate you.

Mr. BATTAGLIA. I answered it.

The CHAIRMAN. You haven't answered this question, and, with the approval of the committee, the Chair orders and directs you to answer

the question as to whether you honestly believe that, if you gave a truthful answer to the question: Where were you born? a truthful answer might tend to incriminate you.

Mr. BATTAGLIA. I answered it.

The CHAIRMAN. You have not answered it, and the Chair holds you have not answered it, and you are under orders and direction of the committee to answer it.

Mr. BATTAGLIA. I just told you; I read this off this paper, and I answered you.

The CHAIRMAN. You haven't read off that paper when I asked you if you honestly believe.

Mr. BATTAGLIA. I refuse to answer on the ground it may tend to incriminate me. Does that answer your question now?

The CHAIRMAN. That doesn't.

Mr. BATTAGLIA. That is my answer.

The CHAIRMAN. All right; let the record stand. Proceed, Mr. Kennedy.

Mr. KENNEDY. Tell us a little bit about your background, Mr. Battaglia. How many times have you been arrested?

Mr. BATTAGLIA. I refuse to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Have you ever been arrested?

Mr. BATTAGLIA. I refuse to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. We have probably an incomplete record here, but it shows that you have been arrested 23 times; is that correct?

Mr. BATTAGLIA. I refuse to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. And you have eight convictions; is that correct?

Mr. BATTAGLIA. I refuse to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Is that a complete record?

Mr. BATTAGLIA. I refuse to answer on the ground—

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to use the word "decline" instead of "refuse."

Mr. BATTAGLIA. All right; decline.

The CHAIRMAN. Can you say it with any more contempt?

Mr. BATTAGLIA. What is the matter with "refuse"; that is a word too, isn't it?

The CHAIRMAN. Proceed.

Mr. KENNEDY. As we understand it, Mr. Battaglia, your specialty is armed robbery; is that correct?

Mr. BATTAGLIA. I refuse to answer on the ground—on the ground it may tend to incriminate me.

Mr. KENNEDY. That most of your arrests and convictions have been for armed robbery; isn't that correct?

Mr. BATTAGLIA. I refuse to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. And you have been convicted 8 times, and on 3 of those occasions you served time in jail; is that right?

Mr. BATTAGLIA. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You are back on "refuse."

Mr. BATTAGLIA. What is the other word?

The CHAIRMAN. The other word is "decline," and it is a little more respectful.

Mr. BATTAGLIA. All right, decline.

Mr. KENNEDY. Now, did you know Estelle Carey? Did you know that young lady?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Were you arrested in connection with Estelle Carey in 1943, in connection with her being bludgeoned and burned to death?

Mr. BATTAGLIA. I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. You and Marshall Caifano at that time were arrested in connection with her murder?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Can you tell us anything about the murder of Estelle Carey?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, when you registered for the Selective Service back during early 1940's, you gave as your address 4500 West Filmore as a place of employment. Now, that is the same address as Marshall Caifano, and could you tell us what you and Marshall Caifano were doing at that address?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Then tell us about Alexander Chase, could you tell us anything about him?

Mr. BATTAGLIA. I decline to answer on the account it may tend to incriminate me.

Mr. KENNEDY. You were also arrested in connection with his murder; were you not?

Mr. BATTAGLIA. I decline to answer on account it may tend to incriminate me.

Mr. KENNEDY. On October 3, 1945, you were arrested in connection with first degree murder; were you not?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Alexander Chase, and you were the last person with him, was found shot to death, on September 28, 1948; isn't that right?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. At the time of arrest you had \$3,000 in cash in your pockets; isn't that correct?

Mr. BATTAGLIA. I decline to answer on account it may tend to incriminate me.

Mr. KENNEDY. And you gave your occupation as a gambler?

Mr. BATTAGLIA. I decline to answer on account it may tend to incriminate me.

Mr. KENNEDY. What happened to that case, Mr. Battaglia?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, our interest in you, Mr. Battaglia, is your relationship with Mr. James Weinberg, and Paul "Needle Nose" Labriola.

Could you tell us anything about James Weinberg and Paul "Needle Nose" Labriola?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Did you know "Needle Nose" Labriola?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Did you know up until a few weeks ago, he had the longest arrest record in Chicago history, and it was recently broken: did you know that?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. We understand you were contacted in connection with their setting up certain restaurant liquor associations in Chicago: is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You were considered to be the dominant factor in West Side gambling and narcotics operation, and considered the head man in West Side Chicago under Sam "Mooney" Giancana, is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And that you have Leonard Patrick and "Willy" Block reporting to you, is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, when Labriola and Weinberg were making arrangements for setting up this association, they had to go or it was suggested that they get in touch with you, and the man in overall charge of it was Sam "Golfbag" Hunt, but that you were in charge of the West Side, is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And the man that they had to be solicited on the South Side was Bruno Roti, is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Do you have it split into areas out there, Mr. Battaglia?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, according to the testimony yesterday, what developed was that the group of "Needle Nose" and Weinberg failed to get your permission when they moved in on the West Side, and so you became very angry, is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And because you got angry, Bruno Roti also withdrew his support from the South Side, is that right?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And you all work these things out together, do you, Mr. Battaglia, a little club among yourselves?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Did you know Eddie Morris, who is now serving time in the penitentiary out in Illinois?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. He visited the office, and he talked about the situation, and the fact that Gussie Alex should be contacted, and he should be the one to bring peace between all of you. Now Guss Alex was a top hoodlum in Chicago, is he not?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And he is a close associate of yours?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And, Mr. Battaglia, we located Mr. Alex out in Los Angeles about a month ago, and as we were coming to the hotel to subpoena him, he left suddenly and we haven't been able to find him since then. Would you help us by telling us where you think he might be?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Do you know where Mr. Giancana is? We are also looking for him.

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You are not going to help the Government at all, Mr. Battaglia?

Mr. BATTAGLIA. As much as I can.

Mr. KENNEDY. Will you tell us where "Mooney" Giancana is?

Mr. BATTAGLIA. I decline to answer on the ground—wait awhile—I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. What ways will you help the Government? You name some of the things that you will do. Is there anything at all? What will you do? You suggest something.

Mr. BATTAGLIA. I ain't suggesting anything.

Mr. KENNEDY. You suggest something.

Mr. BATTAGLIA. You are asking the questions.

Mr. KENNEDY. For instance, will you help us by telling us what business you are in?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Will you tell us or help us by telling us some of your associates? You are a friend of Guss Alex, for instance?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You suggest something that you will help us on, and then we can move from that. Will you suggest something? Anything that you would do to help the Government, Mr. Battaglia. Could you suggest something that you would do to help the Government?

Mr. BATTAGLIA. I am not suggesting anything.

Mr. KENNEDY. Nothing?

Mr. BATTAGLIA. You are asking the questions.

Mr. KENNEDY. Have you ever helped the Government in any way?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Are you an American citizen?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe if you gave a truthful answer to that question, that a truthful answer might tend to incriminate you?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question, Are you an American citizen?

Mr. BATTAGLIA. I answered it.

The CHAIRMAN. You haven't answered it, and you declined to answer it.

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. The Chair, also with the approval of the committee, orders and directs you to answer the question, Do you honestly believe that if you gave a truthful answer to the question, "Are you an American citizen?" that such answer would tend to incriminate you?

Mr. BATTAGLIA. I answered you.

The CHAIRMAN. You haven't answered, and I am ordering and directing you to answer the question.

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. It was also suggested in these conversations in this office you were the one to make the approach to Johnny Lardino, of local 593, to insure that there was full cooperation. This is in the organization of this restaurant and liquor association. Could you tell us about that?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Do you know Johnny Lardino?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, can you tell us how this association was going to operate with the union? According to the information developed yesterday, the labor union was going to act as an enforcement arm for this association. Could you tell us about that?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And the association, on the other hand, was to be sort of a protective racket for some of you underworld figures; is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You were going to give protection to some of the restaurant and tavern owners in return for their payment to you?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And the labor unions were to act as this enforcement arm, to cause strikes on taverns or restaurants who wouldn't make payments to your association; is that right?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, some testimony yesterday was that you and the so-called young bloods, "Skippy" Cerone, and "Mooney" Giancana, and Marshall Caifano were getting too big for your breeches and it was going to be necessary to cut you down to size. Could you tell us if that ever happened?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You said you were going off and acting on your own without the permission of the syndicate. Is that right?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And then an instance was given where Marshall Caifano's brother was killed in the attempt to kidnap Theodore Roe. His name was "Fatty" Leonard; is that right?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And because Roe had killed "Fatty" Leonard when they were trying to kidnap him, Roe was later killed out in Chicago; is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And according to the testimony yesterday, you were in on the job of killing Roe; is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Did you have anything to do with killing Roe?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, according to the information that we have from the Oak Park Police Department, Tony Accardo and Sam "Mooney" Giancana were frequent visitors at your home; is that correct?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Are you married?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you have any children?

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. I was speaking of legitimate children, of course.

Mr. BATTAGLIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. All right.

Mr. KENNEDY. Well, Mr. Chairman, this witness doesn't want to seem to help much.

The CHAIRMAN. Are there any other questions?

You will remain under your present subpoena subject to being recalled for further testimony. Where can we notify you?

Mr. BATTAGLIA. At home.

The CHAIRMAN. Where is your home?

Mr. BATTAGLIA. 1114 North Michigan.

The CHAIRMAN. You will remain under your present subpoena.

Mr. BATTAGLIA. You mean I can go home now?

The CHAIRMAN. Upon reasonable notice, you can expect to reappear before the committee at such time and place as it may designate to give further testimony.

Mr. BATTAGLIA. Yes, sir.

The CHAIRMAN. You will remain here for the remainder of the day, and we may want to recall you.

Mr. BATTAGLIA. All right.

The CHAIRMAN. Do you agree to remain under the present subpoena to return; do you?

Mr. BATTAGLIA. I have got to, you are telling me to stay here, and what do you want?

The CHAIRMAN. What is that?

Mr. BATTAGLIA. You are telling me to stay here?

The CHAIRMAN. I said for the present, but when you are excused today you will remain under the same subpoena; and you agree to that, do you, and to return whenever the committee desires to interrogate you further?

Mr. BATTAGLIA. I suppose; I don't know.

The CHAIRMAN. What is that?

Mr. BATTAGLIA. I suppose. Am I supposed to agree to it? I don't know.

The CHAIRMAN. Well, we can put you under another subpoena right now, if you want to do that.

Mr. BATTAGLIA. I will agree.

The CHAIRMAN. You will agree?

Mr. BATTAGLIA. Yes, sir.

The CHAIRMAN. Very well.

Mr. BATTAGLIA. Yes.

The CHAIRMAN. All right; stand aside.

Mr. KENNEDY. Mr. Antony J. Accardo.

(At this point, the following members were present: Senators McClellan and Ervin and Curtis.)

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ACCARDO. I do.

TESTIMONY OF ANTHONY J. ACCARDO, ACCOMPANIED BY HARRY CLIFFORD ALLDER, COUNSEL, OF WASHINGTON, D. C.

The CHAIRMAN. State your name, and your place of residence, and your business or occupation.

Mr. ACCARDO. My name is Anthony J. Accardo, and I live at 915 Franklin, River Forest, Ill., and on my business and occupation I would claim the privilege of the fifth amendment and decline to answer.

The CHAIRMAN. You decline to answer as to what business or profession or occupation you have?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. On the ground of the fifth amendment?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. Do you honestly believe that if you answered the question as to your business, profession, or occupation, that a truthful answer to that question might tend to incriminate you?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. You have counsel present?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. Mr. Counsel, identify yourself for the record.

Mr. ALLDER. My name is Harry Clifford Allder, and my address is 401 Third Street NW., Washington, D. C., and I am a member of the bar of Washington, D. C.

The CHAIRMAN. Thank you very much.

Mr. ALLDER. May I make a request at this time, Mr. Chairman?

The CHAIRMAN. You may.

Mr. ALLDER. This witness respectfully requests the committee that the television cameras, which are televising this hearing in the city of Chicago, Ill., be turned off while he is a witness. He is neither an entertainer, an athlete, nor a political figure, and he is a private citizen whose rights of privacy should not be invaded.

He is only here because of subpoena, and he is not here to appear on a television show.

He has an action now pending against the American Broadcasting Co., and field enterprises, wherein an injunction has been sought to prevent the defendants televising his appearance here over station WBKB, channel 7, in Chicago, Ill.

A preliminary restraining order requested in this case has been denied, but this witness insists until the case is concluded on its merits, and there is a decision adverse to him, that his right of privacy should not be violated.

The CHAIRMAN. The request is denied. It does not come within the purview of the rules of the committee. I have no authority to tell the television services to televise any hearing or any part of any hearing. The committee could, I think, if it desired to do so, prohibit television; but I feel personally, and I think that I voice the sentiments of the committee, that television is definitely one of the greatest mediums of communication and dissemination of information in our country. I could not conscientiously deny to television services the right to be present at a public hearing and televise the proceedings without in my judgment discrimination against them, because the press is present, and the public is present, and the television cannot reveal any more than what others here can see and do see or any more than what they can hear and do hear, as the proceedings progress.

Is there any statement, Senator Curtis?

Senator CURTIS. I have no statement, Mr. Chairman.

The CHAIRMAN. All right, we will proceed.

Mr. KENNEDY. Mr. Accardo, could you tell us any of the businesses that you are in at the present time?

Mr. ACCARDO. I answered.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me, or lead me into something.

Mr. KENNEDY. Excuse me, what is the last part?

Mr. ALLDER. I want to address the Chair a moment, if I might. So we may understand, Mr. Chairman, any time that this witness declines to answer, it will be because he is claiming his privilege under the fifth amendment and he honestly believes that his answer might tend to incriminate him, and if he does not say those exact words in declining to answer, that is the basis of it in each instance, and if you will permit us to, we will say when he does decline to answer, that he is declining for the same reasons.

The CHAIRMAN. Well, the Chair is anxious to do most any reasonable thing to expedite the procedure. However, I may say to counsel that it is quite probable that some of these instances where witnesses are declining to answer will become a matter of interest to courts and they may become parties to a contempt proceeding. For that reason, I would like to make the record clear, and it is in the interest of the witness as well as the committee to keep the record straight, at least, and so as we proceed the questions I may think are vital and important, I may require the witness to state fully his reasons. I am not doing that just to make a show of him, but I do think, you know how meticulous the courts are sometimes with respect to records, and I want the record to be made.

Mr. ALLDER. That is the reason I want the record to show that in declining each time, it is his intention to do it because it might tend to incriminate him, in case he does not say the exact words, that is what he means each time, sir.

The CHAIRMAN. The record will reflect your remarks, of course. All right, proceed.

Mr. KENNEDY. If you won't give your own business interests, Mr. Accardo, I wonder if we are missing some witnesses and I wonder if you would look at this picture and identify the people in the picture, and then I would like to ask you a question about it.

The CHAIRMAN. I hand you a photograph showing a picture of two persons, apparently the same people, one set of the picture shows the two men with their overcoats off, and the other picture shows the same two men apparently with their overcoats on. I will ask you to examine the picture and state if you identify the persons in the picture.

(A document was handed to the witness.)

Mr. ALLDER. Do you want us to look at both of them at one time, Senator.

The CHAIRMAN. Yes, sir.

Mr. ALLDER. We only have one.

Mr. KENNEDY. That is it. It is two exposures.

Mr. ALLDER. I understand it now.

The CHAIRMAN. It is two separate exposures, I believe.

Mr. ALLDER. All right.

May we have the question, whatever it was?

The CHAIRMAN. I present you a photograph, and ask you if you identify the persons in this photograph?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Do you honestly believe that if you answered and gave a truthful answer to the question, as to whether you identify the persons in the picture, that a trustful answer might tend to incriminate you?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Our information is that the individual here to the left with his overcoat on, is you, Mr. Accardo; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And the individual to the right is Mooney Giancana; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Now, Mr. Giancana is one of the most important and perhaps one of the two or three most important underworld figures in the Chicago area, and we have been looking for him for quite a while, and I was wondering if you could give us any information as to his whereabouts at the present time?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. We understand he is a close associate of yours, and I thought maybe you would help us with that, even if you won't give us some of your own background.

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Well, you decline to answer as to the whereabouts, whether you know the whereabouts of the other man in this picture; is that correct?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. On what ground?

Mr. ACCARDO. It may tend to incriminate me or lead me into something that may incriminate me.

Mr. KENNEDY. You are not going to tell us anything about that, Mr. Accardo?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Would you repeat on what ground you declined to answer, so I can understand.

Mr. ACCARDO. On the ground it may incriminate me, or may lead me into something that will incriminate me.

Mr. KENNEDY. Thank you, Mr. Accardo.

The CHAIRMAN. Let this picture be made exhibit No. 22.

(The document referred to was marked "Exhibit No. 22" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Accardo, we had some testimony yesterday regarding James Weinberg and Paul "Needlenose" Labriola. Did you know either one of those gentlemen before they were killed?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate or lead me into something that will incriminate me.

Mr. KENNEDY. Now according to the information that was given in testimony before the committee yesterday, Mr. Robert Greenfield was to become general counsel for this association which died early or did not exist very long. He wanted to make sure that the individuals who were running this association had your permission to exist, and it was arranged to meet with you. Now, could you tell us a little bit about the meeting and what you discussed?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. You won't tell us anything about the meeting that you had with these individuals.

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what grounds?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Now, also there was that original meeting and then on another occasion, Weinberg reported back that he and Bernberg had had lunch with you and discussed these arrangements. Can you tell us about that?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Now, Mr. Accardo, as far back as 1931, you were named one of the public enemies in Chicago. I wonder if you could tell us after you were named as a public enemy what kind of a legitimate business you got into after that, after 1931?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Have you ever had any legitimate business?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. On what ground, and I don't think that if you have had any legitimate business, I don't think that that would incriminate anyone.

Mr. ALLDER. Might I be heard, Senator?

The CHAIRMAN. I will ask the witness a question.

Mr. ACCARDO. On the ground it may tend to incriminate me.

The CHAIRMAN. All right. Do you wish to say something?

Mr. ALLDER. There is nothing further about that, and I won't make any statement.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You were also known as Joe Batters, Mr. Accardo; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. You were one of the leading lieutenants of Al Capone; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And when Bioff-Brown, when the extortion case in 1940 or 1943, you took over as the head of the Capone syndicate in 1943 in Chicago; is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And the two most important figures in Chicago at the present time or at least up to a month ago, were you and Paul "The Waiter" Ricca; isn't that right?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Where were you born?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. You will not tell us where you were born?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Are you an American citizen?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Do you honestly believe if you gave a truthful answer to the question of where you were born, that a truthful answer might tend to incriminate you?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Do you honestly believe if you gave a truthful answer to the question, are you an American citizen, that a truthful answer might tend to incriminate you?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs the witness to answer the question, "Where were you born?"

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question, "Are you an American citizen?"

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question, "Do you honestly believe that if you gave a truthful answer to the questions, 'where were you born,' and 'are you an American citizen,' that a truthful answer to those questions or either of them might tend to incriminate you?"

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Proceed.

Senator CURTIS. Mr. Chairman, I would like to ask for the record, of the staff, what information do we have that connects this witness with either labor unions or labor union relations groups, or management relations groups?

Mr. KENNEDY. We have had the testimony yesterday, Senator Curtis, that this group of underworld figures or this syndicate had arranged to set up a restaurant association and a tavern association in Chicago. Teitelbaum was somewhat in disfavor with the syndicate, and it was decided that they would set up a rival association in both of these fields. Before they could go ahead and operate, they had to get the permission of Tony Accardo. Mr. Accardo was contacted, and lieutenants under him were contacted.

Senator CURTIS. Is it your information that one of the activities of these trade associations would have to do with labor-management relations?

Mr. KENNEDY. Yes; it was arranged that they would make a contact, and they did. They had telephone calls with Mr. Lardino of local 593, and the local union was to act as the enforcement arm for this association. Then they explained how it would operate. The union would go around and place pickets in front of one of the taverns or the restaurants. A representative of the association would then go in and say "We can get the picket line taken off, if you become members of our association and you pay a certain amount of money."

Then the group would come into the association, and the picket line would disappear; or they would not come into the association, and the picket line would remain.

This is the heart of what we are looking into in this situation, and we will be going into this kind of operation in other cities.

Now this did not get off the ground. It only went for a short period of time because the people operating it made some serious mistakes, but we have seen the regular restaurant association employ people such as Al Capone's attorney, Champagne, who has a long criminal record, and Sam English, a long criminal record, and Louis Romano. Then we will go into some other cities and show that this is a pattern that the underworld follows. We have some definite information on this, and that is why we are going to go into it.

Senator CURTIS. I wanted to establish the record.

Mr. KENNEDY. I am glad to do that so that we have the record.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Up until a month ago, you and Mr. Ricca were in charge of Chicago. But then Mr. Ricca got into difficulties and into tax difficulties, and he has been convicted, and so it would appear that you would be the one who is left in charge. Is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. You have ever been very close to Paul "The Waiter" Ricca, have you not, Mr. Accardo?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. In fact when he was sent to jail, in 1943, you frequently visited him at the penitentiary, did you not, according to our record you were a frequent visitor at the penitentiary.

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Visiting your old friend Paul "The Waiter" Ricca.

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. You also are a close friend of "Cherrynose" Gioe, isn't that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. In fact you were arrested with him in 1931, were you not, for carrying concealed weapons?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. He passed on in 1954, and he was murdered in gangland style. Could you tell us anything about that?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. He was working for a restaurant prior to that time? And do you understand why he had to go to work for that restaurant?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Are you the head of a syndicate of any kind?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Are you the one who gives orders for these fellows to be killed when they step out of line?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Do you have anything to do with these gangland murders?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Are you a party to them?

Mr. ACCARDO. Sir.

The CHAIRMAN. Are you a party to them?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Do you operate your affairs so as to try to get control of labor unions?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Do you operate your affairs so as to shake down legitimate businesses?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Now, Mr. Accardo, in 1931 you and four others of the Capone syndicate, including Paul Labriola's stepfather were seized in a raid following the torch slaying of Mike Heitler?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Mr. Heitler was burned to death, was he?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me or lead me into something.

Mr. KENNEDY. Why was it selected that he should be burned to death?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. We also understand that you were a close associate of Claude Maddox until he died recently, is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Tony Capezio?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And you were also arrested in connection with the St. Valentine's murder, or a suspect in the St. Valentine's murder.

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Do you have any scruples against killing people?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

The CHAIRMAN. You mean to say if you said that you did have, that you were opposed to killing, that it might tend to incriminate you?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. You think that might incriminate you, if you gave an answer to that question?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Proceed.

Mr. KENNEDY. We understand that you were Al Capone's personal bodyguard when he lived at the Lexington Hotel in Chicago, is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And that you were in a close association with Murray "The Camel" Humphreys?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And Frank "The Enforcer" Nitti?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And Ed "Dutch" Vogel?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it might tend to incriminate me.

Mr. KENNEDY. And Mr. Battaglia who just testified.

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And Jack Cerone?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. We have some other pictures here that might refresh your recollection, and we understand some of these people are friends of yours, and at least one of them was involved in these associations.

So I would like to present these pictures if we may, and perhaps you can help us if you would.

The CHAIRMAN. I present you a picture of 6 men and ask you to examine the picture and state if you recognize any of the 6 people who appear in this photograph.

(A document was handed to the witness.)

The CHAIRMAN. Have you examined the picture?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. Do you identify any of the people in that picture?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

The CHAIRMAN. In other words, you think if you acknowledged that you know some of these people, it might tend to incriminate you?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. That picture may be made exhibit No. 23.

(The document referred to was marked "Exhibit No. 23" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. I hand you another picture showing 6 men, and ask you to examine this photograph, and state if you identify any of the people in it.

(A document was handed to the witness.)

The CHAIRMAN. Have you examined the photograph?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. Do you identify any of the people in the photograph?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer, as to whether you identify any of those people, that a truthful answer might tend to incriminate you?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. Let that picture be made exhibit No. 23-A.

(The document referred to was marked "Exhibit No. 23-A" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. In this first picture, we have a group of six gentlemen, and on the left, Paul Ricca; do you know him?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Sylvester Agoldia, and do you know him?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Luciano?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it might tend to incriminate me.

Mr. KENNEDY. And Mirlansky?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And John Sina?

Mr. ACCARDO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And Harry Brown?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Here is a group of another six men, and the one that is of particular interest to us is a man here, No. 5, whose name is James Mirro. Did you know James Mirro?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And he is known as Cowboy Mirro, and could you tell us anything about him?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Now James Mirro, Mr. Chairman, was connected with these trade associations, that we had discussed yesterday, and he played an important role and was an important figure, and we have not been able to locate him. His picture is here, and we would like to find out if he has been an associate of yours, and if you could tell us where he might be at the present time.

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Do you know anything about Estelle Cary being burned to death or murdered that way in 1943?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. You were arrested in connection with that also?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

The CHAIRMAN. Do you have any respect for your Government?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Do you think it might tend to incriminate you, to answer truthfully?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On June 24, 1946, an attempt was made to assassinate James M. Ragan, of the Continental Press, in Chicago.

He later died from the gunshot wounds and according to statements that he made to the district attorney out there, this shooting followed attempts by yourself, Murray Humphreys, Jake Guzik, and Sam "Golf Bag" Hunt, and Tony Capezio to muscle in on the Continental Press. Is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Did you threaten Mr. Ragan?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Did you then have him killed?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground.

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, you asked the witness if he had ever done anything for his country, I believe.

The CHAIRMAN. I asked him if he had any respect for his Government.

Mr. KENNEDY. I think that he gives Fourth of July parties, and he invites many of his close friends and celebrates the formation of the United States. I would like to ask you: Do you give these Fourth of July parties, Mr. Accardo?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Now, in 1954, who did you have at your Fourth of July party?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Did you have all of the leading gangsters in the United States to your Fourth of July party?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Like Joe Aiuppa, Jack Cerone, Mike Strain, Sam English, Chuck English, Russ Brio, and Joe Aeillo; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And you had some labor-union officials there; did you not?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. According to information we have, Johnnie Lardino, of local 593, was at your Fourth of July party?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Joey Glimco, of Local 777 of the International Brotherhood of Teamsters and Taxicab Drivers, was at your Fourth of July party?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me or lead me into something.

Mr. KENNEDY. And Joe Aiello was the head of the Hodcarriers Union?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. You understand, do you, that the committee is undertaking to get information with respect to the criminal element or underworld element or racketeers, and gangsters and thugs and hoodlums that have infiltrated or may have infiltrated into the labor movement in this country, in some areas, or also into legitimate businesses for the purpose of extortion and shakedown and exploitation. You understand that; do you not?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. You are not willing to help your Government ferret out such elements and give the Congress information that will enable it to enact proper legislation to deal with the problem; is that correct? You are unwilling to cooperate and to help?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. I just hope that as the committee labors hard to carry out this assignment and struggles against these obstructions that are placed in our way, the country will sense the real danger that is present and growing by reason of the fact that there are characters in this country who will resort to such tactics and such activities without regard for humanity in any degree, but simply to satisfy their own avarice and greed for money and power. I hope that the Congress will respond to the public demand to enact laws that will make it possible to drive such elements out of any legitimate enterprise or labor organization or business association.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Now, there were some other individuals present, but you also had a Fourth of July party in 1955; did you not?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And once again Joey Glimco of Local 777 of the Teamsters was present?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And Sam "Golfbag" Hunt was present?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Tony Capesio was present?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And Paul "The Waiter" was present?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Joes Caesar was present?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Claude Maddox was present?

Mr. ACCARDO. I decline—

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Joey Aiuppa was present?

Mr. ACCARDO. Yes, sir. I decline.

Mr. KENNEDY. And Jack Guzik?

Mr. ACCARDO. I decline to answer on the ground that it might tend to incriminate me.

Mr. KENNEDY. There was also an automobile which was registered in the name of Local 450 of the Hotel and Restaurant Workers' Union, that was seen at the scene of your Fourth of July party in 1955. Can you tell us why representatives of that local were present?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Could you tell us who they were?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Could you tell us why these union officials come to your party, Mr. Accardo?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Why?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Did these unions act as your enforcement arm, and do they call strikes against those individuals that you don't like, and give labor peace to those that you are interested in; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Then also not only do you have these Fourth of July parties, but you and your friends attend any of the wakes of any of the departed of the syndicate; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. For instance, when Louis "Little Nose" Campagna died, there was a wake on June 2, 1955, "Little New York" Campagna?

Mr. ACCARDO. I didn't get the question.

Mr. KENNEDY. There was a wake for "Little New York" Campagna?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Did you attend that wake?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And in addition the information that we have not only were you there, but Rocco Fichetti was present, and is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And Joey Glimco was president once again of Local 777 of the Teamsters?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And Claude Maddox?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And Joey Aiuppa?

Mr. ACCARDO. I decline.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Johnny Lardino was present of the Hotel and Restaurant Worker's Union?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground do you decline?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And Sam Giancana, who was also present?

Mr. ACCARDO. I decline.

Mr. KENNEDY. Now, just going through, Mr. Chairman, we have another matter regarding his relationship with the restaurant association, that still exists, but prior to getting into that I would like to ask him about his income and what he has declared.

In 1946 you reported an income of \$90,910.86, is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. \$25,910.86 from the Owl Club at Calumet City?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And then other sources of \$65,000, is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. What were the other sources?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Then in 1947, the Illinois Simplex Distributing Co., of Chicago, Ill., about \$3,000, or \$2,200, and \$831. Could you tell us about that?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And then your partnership in the Owl Club of \$38,911.39?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And other sources, \$33,500, is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Making a total for that year of \$74,611.39, is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Then in 1949 you declared an income of \$186,957.01, is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And these came from the club at \$347.45, and Guzik and Accardo of \$134,207.54, and the Owl Club of \$32,402.12, and miscellaneous, \$20,000, is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. What were the miscellaneous?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And what is Guzik and Accardo of \$134,207.54. What kind of business is that?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Then in 1950 you declared an income of \$158,193.91; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Owl Club \$31,349.29, and the Gary & Buffalo Iron, \$116,844.62, and miscellaneous, \$10,000?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And then in 1951, \$172,252.15?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. The speculator on gambling events, \$47,500, is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. It may tend to incriminate me.

Mr. KENNEDY. And \$59,752.15 for the Owl Club; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And then in 1953, \$83,867.20, income, is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And a D'Leibe, employee, \$49,500, Owl Club, \$14,367.27, and speculator on gambling events, and miscellaneous of \$20,000. Could you tell us what that was?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Would you say that any of these businesses are legitimate businesses?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. You think you honestly believe if you gave a truthful answer to the question, whether any of these businesses that have been referred to here are legitimate businesses, that a truthful answer might tend to incriminate you?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. I asked you if you honestly believe it.

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question, whether you honestly believe that, if you gave a truthful answer to the question whether any of these businesses are legitimate businesses, a truthful answer might tend to incriminate you.

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. You are still under orders and direction of the committee to answer the question.

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. Proceed.

(At this point, members of the committee present are: Senators McClellan, Ervin, and Curtis.)

Mr. KENNEDY. In 1954, you declared an income of \$78,000; \$30,000 from a D'Leibe, miscellaneous income of \$20,000, and games and sale of property \$25,000, an income from other interests of \$3,000. Is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. What is all of this miscellaneous income of \$20,000 each year, and where are you getting that from?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. That is a great deal of money, and will you tell us any of the sources of that?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. In 1955, you declared a total income of \$57,000; \$1,500 from Lesley Kruse, sale of interest in the Owl Club of \$25,000, and other sources, miscellaneous, \$30,500. Could you tell us about that?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Then, in 1956, \$67,862.25. That is salary of \$42,862.25 from the Premium Beer Sales, Inc.?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And other income; sale of the Owl Club, \$25,000; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. The total for that period of time, 1946 through 1956, was \$904,654.86; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Now, could you tell us, Mr. Accardo—we have some information that you were aware of the appointment of Mr. Champagne as the labor-relations consultant for the Chicago Restaurant Association. Could you tell us about that?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. That the word came down from you that there should be no longer any cooperation with Abraham Teitelbaum, that he was in your disfavor, and that Mr. Champagne should be appointed; is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. And, subsequently, after Mr. Champagne was able to come in, and he was able to settle this strike, and he received this higher rate of income, the information we have is that you then forced his resignation: is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Are you the one who, in fact, forced his resignation?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Mr. Chairman, could we call Mr. Duffy, who has some confidential information from a reliable source, on this situation?

The CHAIRMAN. Come around. Have you been previously sworn?

Mr. DUFFY. No.

The CHAIRMAN. Do you solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DUFFY. I do.

TESTIMONY OF LaVERN J. DUFFY

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. DUFFY. My name is LaVern Joseph Duffy, and I live at 123 Carroll Street SE., here in Washington, D. C., and I am a staff member of the Senate Permanent Investigating Committee of the United States Senate on temporary loan to this special select committee.

The CHAIRMAN. All right.

Mr. KENNEDY. Now, Mr. Duffy, have you had some conferences with the representatives of the Internal Revenue Service?

Mr. DUFFY. Yes; in reference to the Chicago Restaurant Association.

Mr. KENNEDY. Would you give us the information that you have secured from them, and tell us what you found out, and your source of the information?

Mr. DUFFY. During the investigation of this Chicago Restaurant Association, I had the opportunity to review some files in the Internal Revenue Service; one of the memos I ran across was dated March 7, 1956, which stated, in substance, that there was a discussion between Anthony V. Champagne, who was the labor counsel for the Chicago Restaurant Association, in 1954, and Tony Accardo.

An argument ensued between these 2 individuals, and the arguments were over payments that Mr. Champagne was to make to the Internal Revenue Service from his retainer from the Chicago Restaurant Association, which was \$125,000. The other argument related to certain activities of the Chicago Restaurant Association. Apparently, Mr. Accardo became very disturbed at this, and ordered Mr. Champagne murdered forthwith. Through the intervention of Mr. Champagne's friends, his life was saved and, immediately thereafter, he resigned from the Chicago Restaurant Association. That is, as labor counsel.

Now, when I received this information, or I examined this memorandum, I thought it was serious enough that I interview the agent in the Internal Revenue Service who secured it. The agent—I will not disclose his name, but he is an undercover agent working in Chicago

for the Internal Revenue Service. He supplied the name of the individual who was close to the syndicate in Chicago who gave that information to him. However, he requested me that I not divulge the name of this individual because he fears for the safety of him. He feels, for informing on the syndicate, he would be killed.

Mr. KENNEDY. Or lost as a future source of information?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Now, the records show that Mr. Champagne came from a business-law practice where he was declaring some \$9,000 in income tax; is that right?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And that he went to this business for the Chicago Restaurant Association, where he received \$125,000 a year; is that right?

Mr. DUFFY. Which is more than he made in 1 month.

Mr. KENNEDY. He received more in 1 month than he was making a year prior to that time?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And then, suddenly, he resigned and said that the Chicago Restaurant Association was taking up too much of his time?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And he had to get back to his law practice; is that right?

Mr. DUFFY. I submitted a letter to that effect.

Mr. KENNEDY. And he said he had to get back to his law practice, because the Chicago Restaurant Association, for which he was receiving \$125,000 a year, was taking too much of his time?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. And he went back to his law practice, and the next year declared about \$11,000 in his income tax?

Mr. DUFFY. That is correct.

Mr. KENNEDY. Now, Mr. Chairman, here is the letter from Mr. Champagne, and the letter of resignation from the Chicago Restaurant Association.

The CHAIRMAN. Did you obtain this letter in the course of your investigation?

Mr. DUFFY. Yes, Senator.

The CHAIRMAN. I hand you the letter referred to, and I will ask you to examine it. This appears to be a photostatic copy of it. I ask you to examine it, and state if you obtained this letter, and, if so, where and how, and out of whose files?

Mr. DUFFY. This letter is from Anthony V. Champagne, addressed to the Chicago Restaurant Association, with attention to Mr. Donald Kiesau, the executive vice president of the Chicago Restaurant Association.

The CHAIRMAN. First, identify the letter, and how did you obtain possession of it?

Mr. DUFFY. From the files of the Chicago Restaurant Association.

The CHAIRMAN. All right; proceed.

Mr. DUFFY. And Mr. Kennedy has stated, the letter stated to get back to his clients, and that is why he resigned. Perhaps I should read the whole letter.

The CHAIRMAN. If you read the whole letter, it will not be an exhibit, but simply placed in the record at this point.

Mr. DUFFY. The letter is dated June 14, 1954, addressed to the Chicago Restaurant Association, 7 South Dearborn Street, Chicago, Ill., attention Mr. Donald Kiesau, executive vice president.

GENTLEMEN: I hereby submit my resignation as attorney for your association and its members, effective July 1, 1954. It would be appreciated if you would advise the officers of the association and each of your members of my resignation as such.

I wish to acknowledge the pleasant relationship which I have enjoyed with you, personally, the officers and directors, as well as the individual members who have sought my counsel during my tenure as their attorney.

The CHAIRMAN. We will have to suspend. That bell signals a roll-call vote in the Senate, and the committee will have to stand in recess temporarily until the members can go to the Chamber and vote. We will return immediately.

(A brief recess was taken.)

(At this point, the following members were present: Senators McClellan and Ervin.)

The CHAIRMAN. The committee will come to order.

Mr. Kennedy, you may proceed.

Mr. KENNEDY. Could you tell us about the conversation that you had with Mr. Champagne on this matter?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what grounds?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Were you, in fact, upset by the way he intended to handle the money and declare the money he received from the Chicago Restaurant Association?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Could you tell the committee why it was that the Chicago Restaurant Association was willing to pay him \$125,000?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it might incriminate me.

Mr. KENNEDY. Was some of that money going to you?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Could you tell us if you were the one that forced his resignation?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it might tend to incriminate me.

Mr. KENNEDY. We have some information that your home has 22 rooms; is that correct?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And an indoor swimming pool, 2 bowling alleys, a pipe organ, and 6 master bedrooms. Is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Three of the six bathrooms have gold-plated fixtures; is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And one is a bathtub that supposedly cost \$10,000, cut from a solid block of Mexican onyx?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Is that true?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. And the house is worth about \$500,000; is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. You purchased it in 1951 for about \$125,000; is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it might tend to incriminate me.

Mr. KENNEDY. And this is where you celebrate the Fourth of July; is that right?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Could you tell us what other union officials you know other than the ones we mentioned?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Do you have any business deals, arrangements, with any of them?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Could you tell us what other businesses you are in other than the ones that have been mentioned?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what grounds?

Mr. ACCARDO. On the grounds it might tend to incriminate me.

Mr. KENNEDY. We have some information we are developing that you are in some other businesses, Mr. Accardo. Could you tell us about any of those?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the grounds it may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

Senator ERVIN. Can you think of any activities in which you have engaged in the last 20 years that you could tell us about that would not tend to incriminate you?

Mr. ACCARDO. I decline to answer.

Senator ERVIN. That is all.

Mr. KENNEDY. Mr. Chairman, we have information that the witness was born April 28, 1906, in Chicago.

Is that right?

Mr. ACCARDO. I decline to answer.

The CHAIRMAN. This witness will remain under the present subpoena. You will be under recognizance to reappear and give further testimony before the committee at such time and place as it may designate. Do you accept such recognizance?

(The witness conferred with his counsel.)

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. All right. We will give you a reasonable notice, or your counsel, of the time and place where the committee may desire to hear further testimony from you.

Mr. KENNEDY. I just have one more question. We have some information about Labriola and Weinberg planning to kill Mr. Teitelbaum. Could you tell us anything about that?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the grounds it may tend to incriminate me.

Mr. KENNEDY. Did you know of the plot to kill Teitelbaum?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what grounds?

Mr. ACCARDO. On the grounds it may tend to incriminate me.

The CHAIRMAN. The Chair will announce at this time that he is instructing the staff of the committee to immediately prepare, as early as they can get to it, with the workload that we have, the proper papers and documents to cite this witness and the preceding witness this morning for contempt of the United States Senate. There were some other witnesses yesterday who will also be included. I do not have their names before me just now. We will take these citations up at an executive session of the committee as soon as the citations have been prepared. I am hopeful that the Senate will approve the resolution based upon this record citing these parties for contempt of the United States Senate.

There can be no doubt that these witnesses are making absolutely capricious use and abuse of the fifth amendment privilege, when a citizen of this country takes a position that he can't acknowledge that fact without the possibility of being incriminated or cannot tell the date or the place of his birth, if he was born in this country, without possible self-incrimination.

It is time for the court to say whether the fifth amendment was intended and can be used as a device simply to evade giving information that a committee or that a court may need to carry out its functions.

The legitimate use of the fifth amendment should be sustained. It should be granted, and it should be respected. But the flagrant abuse of it, converting it into a device simply to make a mockery of the Government and of the courts of the land, using it solely for the purpose of concealing facts that should be known and could be known and could be told by the witness without any possible self-incrimination is, in my judgment, something that needs to be clarified by the courts of the land.

We ought to know whether this amendment is intended to be used in such fashion. I know of no other way to find out except to process these cases and let the highest court in the land rule on them.

(At this point, Senator Kennedy and Senator Curtis entered the hearing room.)

The CHAIRMAN. This is a terrific job, and there is nothing pleasant about this work. It is most exasperating to find people enjoy the blessings of our country and our Government, who defy it, who obstruct its processes, who try to utilize its freedoms that are guaranteed, solely for the purpose of exploitation of legitimate enterprises, of legitimate labor unions, and who even resort to murder in order to carry on their nefarious enterprises.

I am hopeful that the courts, when they hear and review this record, will be conscious of an obligation to society as a whole, as well as to the rights of individuals under the fifth amendment provision of the Constitution.

All right, you may stand aside.

Call the next witness, please.

Mr. KENNEDY. Mr. Marshall Caifano.

The CHAIRMAN. Come forward, Mr. Caifano.

While the witness is coming, I will read the balance of the letter that Mr. Duffy was reading when he was testifying. It says:

It has become apparent to me that the responsibilities and decisions to be made in behalf of your association and its members require the full time and attention of myself or any other person in order to completely and competently solve the many issues which arise. As you know, I have been practicing law for the past 25 years, and am confronted with many legal problems and decisions to be made in behalf of my clientele, all of which require considerable time and effort on my part. In view of the established practice which I have enjoyed for many years, I feel it my duty to continue serving these clients without interruption.

Again assuring you that it has been a pleasure to be of service to your splendid organization, I remain,

Sincerely yours,

ANTHONY V. CHAMPAGNE.

Will you be sworn, please? You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. CAIFANO. I do.

TESTIMONY OF MARSHALL CAIFANO

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. CAIFANO. Marshall Caifano, 415 Aldine, Chicago, Ill.

The CHAIRMAN. What is your business or occupation, please?

Mr. CAIFANO. I decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you have an attorney?

Mr. CAIFANO. No, sir.

The CHAIRMAN. Do you waive counsel?

Mr. CAIFANO. Yes, I waive counsel.

The CHAIRMAN. All right, sir.

You state that you cannot answer as to your business or occupation because you think it may tend to incriminate you?

Mr. CAIFANO. I decline to answer.

The CHAIRMAN. The Chair will ask you this question: Do you honestly believe that if you gave a truthful answer to the question of "What is your business or occupation?" that a truthful answer to the question might tend to incriminate you?

Mr. CAIFANO. I decline to answer the question because it tends to incriminate me.

The CHAIRMAN. I am asking you if you honestly believe that it might tend to incriminate you if you answer the question truthfully and told us your business or occupation?

Mr. CAIFANO. I decline to answer.

The CHAIRMAN. You decline to say, do you, whether you honestly believe that it might tend to incriminate you?

Mr. CAIFANO. Yes; I decline to answer on the grounds that it may tend—that my answer may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question: Do you honestly believe that if you answered the question and told the committee what is your present occupation or business, that a truthful answer might tend to incriminate you?

Mr. CAIFANO. I decline to answer on the grounds——

The CHAIRMAN. The order for you to answer the question will stand. Where were you born?

Mr. CAIFANO. I decline to answer.

The CHAIRMAN. You are ordered and directed to answer the question.

Mr. CAIFANO. I decline to answer on the grounds that my answer to that question may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the question and told the committee where you were born, that a truthful answer, or that information, might tend to incriminate you?

Mr. CAIFANO. I decline to answer that on the grounds that the answer to that question may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question.

Mr. CAIFANO. I decline to.

The CHAIRMAN. Are you a citizen of the United States?

Mr. CAIFANO. I decline to answer that question because my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered the question truthfully “Are you a citizen of the United States?” that a truthful answer to that question might tend to incriminate you?

Mr. CAIFANO. I decline to answer that on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question: Are you a citizen of the United States?

Mr. CAIFANO. I decline to answer.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question: Do you believe, honestly believe, that if you gave a truthful answer to the question “Are you a citizen of the United States?” that a truthful answer to the question might tend to incriminate you?

Mr. CAIFANO. I decline to answer that question.

The CHAIRMAN. The order of the committee for you to answer the question stands.

Proceed, Mr. Kennedy.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Were you served with a subpoena to come here and testify?

Mr. CAIFANO. I decline to answer.

Senator CURTIS. All I am asking you is: Were you served with a paper that ordered you to come here?

Mr. CAIFANO. I decline to answer.

Senator CURTIS. No, no, I am not asking you to give any information about yourself. I just want to know whether or not you were served with a subpoena, or why you are here.

Mr. CAIFANO. I decline to answer that on the grounds it may tend to incriminate me.

Senator CURTIS. Who advised you to decline to answer on the grounds that it may tend to incriminate you?

Mr. CAIFANO. I decline to answer because my answer may tend to incriminate me.

Senator CURTIS. Did the mob of hoodlums tell you if you came down here, not to testify to anything?

Mr. CAIFANO. I decline to answer that question because my answer may tend to incriminate me.

Senator CURTIS. Are you refusing to say even whether or not you have been subpoenaed or whether you are a citizen because you have been so ordered by the hoodlums not to testify?

Mr. CAIFANO. I decline to answer that question because my answer may tend to incriminate me.

Senator CURTIS. Are you afraid of the other hoodlums?

Mr. CAIFANO. I decline to answer that question on the ground that my answer may tend to incriminate me.

Senator CURTIS. You are not a lawyer, are you? Are you?

Mr. CAIFANO. I decline to answer.

Senator CURTIS. Who told you what to do in order not to have to testify?

Mr. CAIFANO. I decline to answer that question on the grounds that it may tend to incriminate me.

Senator CURTIS. Who did you talk to after you had received your subpoena to come down here and testify? Who did you talk to?

Mr. CAIFANO. I decline to answer that question. My answer may tend to incriminate me.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. You have been asked whether you were threatened. Have you threatened anyone else, Mr. Caifano?

Mr. CAIFANO. I decline to answer that question because my answer may tend to incriminate me.

Mr. KENNEDY. Have you threatened any of the witnesses that were going to appear before the committee?

Mr. CAIFANO. I decline to answer.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds that my answer to that question may tend to incriminate me.

Mr. KENNEDY. How many times have you been arrested, Mr. Caifano?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. I don't know whether our record is complete but we show that you have been arrested 18 times since 1929; is that right?

Mr. CAIFANO. I decline to answer that.

Mr. KENNEDY. And you have been arrested for such operations as a stickup man, bank robber, alcohol peddler, and a bookmaker; is that right?

Mr. CAIFANO. I decline to answer that question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. According to the information that we have, you were involved in the operation of James Weinberg and Paul "Needle-nose" Labriola, in setting up some of these associations. Would you tell us about that?

Mr. CAIFANO. I decline to answer that question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. These were tavern associations and a restaurant association that was going to be set up in 1953 by Weinberg and Labriola. It was going to operate in conjunction with the labor unions, and have the labor unions act as an enforcement arm for them.

It was to be run by the syndicate and you were part of it; is that correct?

Mr. CAIFANO. I decline to answer that question because my answer may tend to incriminate me.

Mr. KENNEDY. You are known, are you not, as one of the Young Bloods over on the West Side of Chicago?

Mr. CAIFANO. I decline to answer.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds that my answer to that question may tend to incriminate me.

Mr. KENNEDY. That you were working over there with "Teets" Battaglia, "Skippy" Cerone, and "Mooney" Giancana; is that right?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. Do you know Battaglia?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds that my answer to that question may tend to incriminate me.

Mr. KENNEDY. Do you want to look at this picture for me?

The CHAIRMAN. The Chair presents to you a picture of 2 persons, with 2 exposures of the 2 people. Will you examine the picture and state if you identify the people in the picture?

(The photograph was handed to the witness.)

The CHAIRMAN. You have examined the picture, have you?

Mr. CAIFANO. Yes.

The CHAIRMAN. All right. Do you identify any of the people in the picture?

Mr. CAIFANO. I decline to answer that question.

The CHAIRMAN. Why?

Mr. CAIFANO. On the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Are you in the picture?

Mr. CAIFANO. I decline to answer that.

The CHAIRMAN. Why?

Mr. CAIFANO. On the grounds that my answer may tend to incriminate me.

The CHAIRMAN. This picture may be made exhibit No. 24.

(The document referred to was marked "Exhibit No. 24" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. This group, this association, operated, and the police were able to get information as to what was going on. One of the conversations that took place was when an Eddie Morris made some statements about you. Did you know Eddie Morris?

Mr. CAIFANO. I decline to answer that.

Mr. KENNEDY. It is Irving Morris. Is it Eddie Morris or Irving Morris?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds my answer may tend to incriminate me.

Mr. KENNEDY. This was Irving Morris and he is a syndicate hoodlum out there; is he not?

Mr. CAIFANO. I decline to answer that question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. He is now in jail for counterfeiting, in the penitentiary, but he stated that the murder of Theodore Roe was done, was carried out, because Theodore Roe had killed your brother when you and your brother were trying to kidnap him. Is that right?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. And that you were responsible for the murder of Theodore Roe. Is that right?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the ground that my answer may tend to incriminate me.

Mr. KENNEDY. According to the information that we have, you are a close associate of Tony Accardo?

Mr. CAIFANO. I decline to answer.

Mr. KENNEDY. You didn't identify these pictures? You didn't identify these?

Mr. CAIFANO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. CAIFANO. On the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Isn't this picture on the left, isn't that you and isn't that Mr. Battaglia standing next to you?

Mr. CAIFANO. I decline to answer that.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Wasn't he a close associate of yours, and you worked together on this restaurant and tavern association?

Mr. CAIFANO. I decline to answer that question.

The CHAIRMAN. Was this man one of the organizers of the association?

Mr. KENNEDY. No. He was being brought in, Mr. Chairman. They had to get certain clearance from Mr. Caifano in order to operate. He was one of the heads of the Young Bloods whose clearance was necessary on the West Side of Chicago.

Then, of course, contacts were made with the labor unions.

The CHAIRMAN. All right.

Mr. KENNEDY. We have information that you traveled a number of different times to Las Vegas with Tony Accardo, is that correct?

Mr. CAIFANO. I decline to answer that question on the grounds that might tend to incriminate me.

Mr. KENNEDY. Could you tell us about your being arrested in connection with the murder, the slaying, of Estelle Carey, in 1943, in which she was bludgeoned and then burned to death in her apartment?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Then you were arrested in the slaying of Quattrochi, were you not, who was a small-time gambler?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. You also traveled to Miami, Fla., with Frabotta and Phil Alderisio, known as Milwaukee Phil?

Mr. CAIFANO. I decline to answer that question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Would you tell us what you do down there?

Mr. CAIFANO. I decline to answer that question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Do you have any interest in the gambling establishments in Las Vegas?

Mr. CAIFANO. I decline to answer that question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. We have information that you have interests out there, that you have had some interests with Pat Manno, also known as Pat Manning, in Dallas, Tex.; is that right?

Mr. CAIFANO. I decline to answer that question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. And you are now living under the name of M. J. Monette, on Aldine Street, apartment 6-D. Is that right?

Mr. CAIFANO. I decline to answer that question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. And we also understand that you have admitted to having a cigarette concession in the hotel, one of the hotels down in Havana, Cuba?

Mr. CAIFANO. I decline to answer that question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. So your operation is very extensive; is it not, Mr. Caifano?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. And you do it not only through your own strong-arm methods but through your contacts that you have with these other people?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Anthony Accardo, Battaglia, Paul "the Waiter" Ricca, are all associates of yours?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds it may tend to incriminate me.

Senator KENNEDY. What is the source of your income now?

Mr. CAIFANO. I decline to answer that question on the grounds that my answer may tend to incriminate me.

Senator KENNEDY. Do you play golf at the Tam O'Shanter Golf Club?

Mr. CAIFANO. I decline to answer that question.

Senator KENNEDY. You play golf how many times a week?

Mr. CAIFANO. I decline to answer that question on the grounds my answer may tend—

Senator KENNEDY. I understand that when they went to serve you with a subpoena, they went out to the golf club and missed you there, and finally got you at your home.

Mr. CAIFANO. I decline to answer that question.

Senator KENNEDY. If you play golf some days each week, what is the source of your income?

Mr. CAIFANO. I decline to answer that question.

Senator KENNEDY. On the grounds it may tend to incriminate you?

Mr. CAIFANO. Yes.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Are you a member of any labor organization?

Mr. CAIFANO. I decline to answer that.

Senator CURTIS. Have you had anything to do with labor-management relations?

Mr. CAIFANO. I decline to answer that question.

Senator CURTIS. Have you had anything to do with any strikes or picket lines?

Mr. CAIFANO. I decline to answer on the grounds that my answer may tend to incriminate me.

Senator CURTIS. Have you had any part in any shakedown or attempted extortion or blackmail in connection with labor-management relations?

Mr. CAIFANO. I decline to answer that.

Senator CURTIS. On what grounds?

Mr. CAIFANO. On the grounds that my answer may—to that question—may tend to incriminate me.

Senator CURTIS. Would your answer incriminate anybody else?

Mr. CAIFANO. I decline to answer that question also, on the same grounds.

Senator CURTIS. That is all, Mr. Chairman.

Mr. KENNEDY. Mr. Caifano, it was developed that you play golf almost every day out in Chicago, and you were asked about your source of income. You wouldn't give us any information about that?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. CAIFANO. On the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it a fact that when you arrived at the office yesterday, you asked one of the staff members whether it would be possible to rent some golf clubs so that you could go out and play golf here?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. Could you tell the committee the source of the income to pay for the rent of the golf clubs?

Mr. CAIFANO. I decline to answer that question.

Mr. KENNEDY. Mr. Chairman, I might add that we were unable to give the witness that information.

The CHAIRMAN. The witness will remain under the present subpoena. He will be under recognizance to reappear and give further testimony before the committee at such time and place as the committee may desire, subject, of course, to reasonable notice being given you of the time and place we will want to hear you again. Do you accept that recognizance, do you?

Mr. CAIFANO. Yes, I do.

The CHAIRMAN. All right. Are there any further questions?

The Chair will give the same instructions to the staff with respect to this witness as has been given to the other two who testified here this morning. I want contempt papers prepared as early as possible so that the committee may take action thereon.

All right, you may stand aside.

The committee will stand in recess until 2 o'clock.

(Whereupon, at 12:25 the hearing recessed, to reconvene at 2 p. m., of the same day, with the following members present: Senators McClellan, Kennedy, Ervin, and Curtis.)

AFTERNOON SESSION

(At the reconvening of the session, the following members were present: Senators McClellan, Goldwater, and Curtis.)

The CHAIRMAN. The committee will come to order. Call the next witness, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, could I call a number of these witnesses together so that we can move along more quickly?

The CHAIRMAN. Very well,

Mr. KENNEDY. Mr. Ross Prio, Mr. Joey Caesar DiVarco, and Mr. Jackie Cerone.

The CHAIRMAN. Will the witnesses come forward, please? Each of you stand and be sworn. Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PRIO. I do.

Mr. CERONE. I do.

Mr. DiVARCO. I do.

TESTIMONY OF JACK CERONE, ROSS PRIO, AND JOSEPH DIVARCO, ACCOMPANIED BY H. C. ALLDER, MR. DIVARCO'S COUNSEL

The CHAIRMAN. Beginning on my left, will you state your name, your place of residence, and your business or profession, please?

Mr. DiVARCO. Joseph DiVarco, 4275 Jarvis Avenue, Lincolnwood, Ill.

The CHAIRMAN. Will you state your business or profession?

Mr. DiVARCO. I decline to answer that question because it may tend to incriminate me.

The CHAIRMAN. Do you have counsel present representing you?

Mr. ALLDER. Yes, sir.

The CHAIRMAN. All right, counsel, identify yourself.

Mr. ALLDER. My name is H. Clifford Allder, 401 Third Street NW., Washington, D. C. I am a member of the bar of Washington, D. C. I am representing Mr. DiVarco.

The CHAIRMAN. Do you represent the others?

Mr. ALLDER. No, sir; I do not.

The CHAIRMAN. The one in the center, will you give us your name, your address, and——

Mr. CERONE. Jack Cerone, 2000 North 77th Avenue, Elmwood Park, Ill.

The CHAIRMAN. What is your business or occupation?

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you have counsel?

Mr. CERONE. No, sir.

The CHAIRMAN. You waive counsel?

Mr. CERONE. Yes, sir.

The CHAIRMAN. All right; the one on my right. What is your name?

Mr. PRIO. Ross Prio, 1721 Sunset Ridge, Glenview, Ill.

The CHAIRMAN. And what is your business or occupation?

Mr. PRIO. I decline to answer on the grounds that it may tend to incriminate me.

The CHAIRMAN. This last witness on my right, I ask you the question: Do you honestly believe that if you gave a truthful answer to the question, "What is your business or occupation?" that a truthful answer thereto might tend to incriminate you?

Mr. PRIO. I decline to answer on the grounds that the answer may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question: Do you honestly believe that if you gave a truthful answer to the question, "What is your business or occupation?" that a truthful answer thereto might tend to incriminate you?

Mr. PRIO. I decline to answer that on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair stands. The witness in the center, What is your name?

Mr. CERONE. Jack Cerone.

The CHAIRMAN. Cerone? Did you give us your business or occupation?

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the question "What is your business or occupation?" that a truthful answer might tend to incriminate you?

Mr. CERONE. I decline to answer.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question.

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. You understand the question. It is: Do you honestly believe that if you gave a truthful answer to the question "What is your business or occupation?" that a truthful answer thereto might tend to incriminate you?

Mr. CERONE. I invoke the fifth amendment.

The CHAIRMAN. You understand the question, do you?

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. The order and direction to this witness to answer the question stands.

The witness DiVarco, on my left, Did you give us your business or occupation?

Mr. DiVARCO. I decline to answer the question as it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the question "What is your business or occupation?" that a truthful answer thereto might tend to incriminate you?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question.

Mr. DiVARCO. I invoke the fifth amendment and decline to answer that question.

The CHAIRMAN. The order stands, the order and direction of the Chair stands.

You are still under orders and direction to answer the question that if you gave a truthful answer to the question "What is your business or occupation?" that a truthful answer thereto might tend to incriminate you.

Mr. DiVARCO. I decline to answer your question, because any answer may tend to incriminate me.

The CHAIRMAN. I will continue with you. Are you a citizens of the United States?

Mr. DiVARCO. I decline to answer the question.

The CHAIRMAN. Where do you live?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. When were you born?

Mr. DiVARCO. I decline to answer that question, too, sir.

The CHAIRMAN. Where were you born?

Mr. DiVARCO. I decline to answer that question, too.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the questions: "Where were you born?" "When were you born?" "Are you a citizen of the United States?"

Mr. DiVARCO. I decline to answer that question because any answer may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair stands for you to answer those questions.

Mr. DiVARCO. I decline to answer those questions, sir.

The CHAIRMAN. I ask you the question: Do you honestly believe that if you gave a truthful answer to the questions of: "Where were you born?" "When were you born?" "Are you a citizen of the United States?" that a truthful answer to any or either of these questions might tend to incriminate you?

Mr. DiVARCO. I decline to answer that question, sir.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question.

Mr. DiVARCO. I decline to answer that question because any answer may tend to incriminate me.

The CHAIRMAN. I ask the witness Cerone—is that correct?

Mr. CERONE. That is correct, Senator.

The CHAIRMAN. I ask you: Where were you born?

Mr. CERONE. I decline to answer on the grounds that it may tend to incriminate me.

The CHAIRMAN. When were you born?

Mr. CERONE. I honestly believe that the answer may tend to incriminate me.

The CHAIRMAN. Are you a citizen of the United States?

Mr. CERONE. I decline to answer.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the questions: When were you born? Where were you born? And are you a citizen of the United States?

Mr. CERONE. I decline to answer.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the questions, When were you born? Where were you born? and Are you a citizen of the United States? that a truthful answer to any or either of these questions might tend to incriminate you?

Mr. CERONE. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the questions.

Mr. CERONE. I invoke the fifth amendment.

The CHAIRMAN. The witness on my right, the order and direction of the Chair stands throughout the proceedings, throughout the period that you are on the witness stand. The witness on my right, Mr. Prio—

Mr. PRIO. That is correct.

The CHAIRMAN. That is correct? Where were you born?

Mr. PRIO. I decline to answer the question because my answer may tend to incriminate me.

The CHAIRMAN. When were you born?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. Are you a citizen of the United States?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the questions: When were you born? Where were you born? And are you a citizen of the United States?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the questions, When were you born? Where were you born? and Are you a citizen of the United States? that a truthful answer to any or either of those questions might tend to incriminate you?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question.

Mr. PRIO. I decline to answer that question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair will stand and remain in force during the period that you are on the witness stand.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Prio, according to the information that we have that was developed under oath before the committee yesterday, you had a very prominent role in the setting up of these syndicate-sponsored trade associations in Chicago in 1952 and 1953. Could you tell us about what you did in connection with that?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. On what grounds?

Mr. PRIO. On the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And that you were associated in that venture with James Weinberg and Paul "Needlenose" Labriola?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. On what grounds?

Mr. PRIO. On the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. It was explained that the man in charge of the whole operation was "Golf Bag" Hunt. Above him was Tony Accardo, but that "Golf Bag" Hunt was the one that was immediately in charge, but that you had an important role in what is called the one section of Chicago.

Could you tell us what you were going to do in that section of Chicago in connection with this?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question.

Mr. PRIO. I decline to answer that question, sir, on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. We understand that you are probably one of the most important figures in Chicago as far as bookmaking is concerned, but that you operate chiefly out of the North Side of Chicago.

Is that right, Mr. Prio?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. And that another man that was going to work with you was Joey Caesar; is that right?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Do you know Joey Caesar?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Is that Joey Caesar that is sitting on your right there?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Would you mind looking and seeing if you can identify him? Not that individual, but the one sitting next to him. Do you recognize him?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. You are ordered and directed to answer the question.

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Mr. DiVarco you are also known as Mr. Caesar, are you?

(The witness conferred with his counsel.)

Mr. KENNEDY. Are you also known as Mr. Caesar?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. Mr. DiVarco, would you, or Mr. Caesar, would you look up and tell me whether you know Mr. Prio?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. You are ordered and directed to answer the question, with the approval of the committee.

Mr. DiVARCO. I decline to answer that question because anything I say might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. We understand the two of you were to make the arrangements through Tony Accardo. Is that correct? Mr. Prio?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. And that you were then going to operate and control this one section of Chicago.

You were reported to have made a statement that you would be satisfied to do this as long as you could have a man right in the office, your own personal representative in the office, to make sure that everything was done honestly. Is that correct?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question.

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. And that you wanted somebody there to protect your interests, is that correct, Mr. Prio?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. Can you add anything to that, Mr. DiVarco?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. Let the Chair order and direct the previous witness, the other witness, to answer that last question. With the approval of the committee, the Chair orders and directs you to answer the question.

Mr. PRIO. I decline to answer that question because my answer may tend to incriminate me.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. It was pointed out that if this group tried to get started in your area, that they could not do so, Mr. Prio, unless they got the clearance of you and Caesar, and a man by the name of Dominick Nuccio and DeBello, is that correct?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Would anybody, to get one of these kinds of operations going, would they have to get the clearance of you?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. The Chair orders and directs the witness to answer the question, with the approval of the committee.

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. There are 3, that are called the 3 Doms that operate in Chicago; are there not? One is Dominick Nuccio and one is Dominick DeBello. That is 2 out of the 3 Doms, is it?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. PRIO. On the grounds my answer may tend to incriminate me.

The CHAIRMAN. The Chair presents to you, Mr. Prio, a photograph which has 2 exposures on it of 3 men without hats and the other

exposure appears to be the same 3 men with hats on. I pass this picture to you and ask you to examine it and see if you identify any of the three men in the picture.

(The photograph was handed to the witness.)

Mr. PRIO. I decline to answer the question.

The CHAIRMAN. You have examined the picture?

Mr. PRIO. Yes.

The CHAIRMAN. And you decline to answer the question?

Mr. PRIO. That is right.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question.

Mr. PRIO. I decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you see your own picture there?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. Would your own picture, do you think, tend to incriminate you?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. There is nothing about your picture to be ashamed of or afraid of, is there?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. Are you married?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. You are ordered and directed to answer the question, with the approval of the committee.

Mr. PRIO. I decline to answer that question on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you mean the fact that you are married might tend to incriminate you?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. I don't know that it would ever, that it ever incriminated anybody to either be married or not married. That is a kind of new wrinkle, isn't it?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. You wouldn't say it was an old wrinkle, would you?

Mr. PRIO. I decline to answer that question, sir.

The CHAIRMAN. Have you got any children?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. I meant, of course, legitimate children.

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. Is there something about your situation, domestic situation, that you think that to admit that you were married or that you have children might tend to incriminate you?

Mr. PRIO. I have to decline to answer that question, sir.

The CHAIRMAN. Do you honestly believe that if you answered the question truthfully, that you are married or that you are not married, or that you have children or that you do not have children, that a truthful answer to those questions, or either of them, might tend to incriminate you?

Mr. PRIO. I refuse to answer that question on the same grounds.

The CHAIRMAN. Well, with the approval of the committee, the Chair orders and directs you to answer the question.

Mr. PRIO. I decline to answer that question.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I would like to ask the same witness a question. Have you had any experience getting other people to talk when you wanted information from them?

Mr. PRIO. I decline to answer that question, sir.

Senator CURTIS. On what grounds?

Mr. PRIO. On the grounds it may tend to incriminate me.

Senator CURTIS. You have *had no experience whatever having observed attempts to get people to talk?

Mr. PRIO. I decline to answer that question, sir.

Senator CURTIS. On what grounds?

Mr. PRIO. On the grounds it may tend to incriminate me.

Senator CURTIS. That is all.

The CHAIRMAN. Mr. Cerone, are you married?

Mr. CERONE. I invoke the fifth amendment.

(At this point, Senator Ervin entered the hearing room.)

The CHAIRMAN. Against whom, your wife or the committee?

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you have children?

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. You wouldn't tell us where you were born, when you were born, whether you are an American citizen, if you are married or if you have children. Is that correct?

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. The Chair orders—with the approval of the committee, the Chair orders and directs you to answer the question of whether you are married or if you have children.

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair will stand throughout the period of your examination on the witness stand.

Mr. DiVarco, are you married?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. Do you have children?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. With the permission of the committee, and the approval of the committee, the Chair orders and directs you to answer the question "Are you married? Do you have children?"

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. The order and direction of the Chair will stand throughout the period of your testifying before this committee.

All right, Mr. Counsel.

Mr. ALLDER. Mr. Chairman, may I address you?

The CHAIRMAN. Yes, sir.

Mr. ALLDER. May the record show that each time this witness declines to answer it is because of his privilege under the fifth amendment. He doesn't answer because it might tend to incriminate him. He leaves those words out and that is what he means to say, sir.

The CHAIRMAN. Well, I think we better just adhere to the proper procedure. This committee is going to have to take some action, in

my judgment, on some of these cases, and I don't want to do anything that would waive the proper activities of the committee, its proper function.

I believe we will just proceed according to all legal standards. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Prio?

The CHAIRMAN. The photograph that I showed Mr. Prio that he stated he examined, let it be made exhibit No. 25.

(The document referred to was marked "Exhibit No. 25" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Prio, the information we have regarding your background is that from 1933 to 1936 you were in the dairy business. Is that right?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. And in 1936 you were in the Blue Ribbon Dairy Co., with Marcus Lipsky?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. He is one of the well-known hoodlums in Chicago. In 1938 you were arrested for burning down one of your competitors in the dairy business?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. You were acquitted for that; were you not?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. And then you organized, in 1939, the L. & P. Milk Co.?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Then you were in this venture with Marcus Lipsky, also; is that right?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer these questions.

Mr. PRIO. I decline to answer that question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. In 1940 you went into the parking lot and gas station business on South Franklin Street?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. And also owned another parking lot at 134 North LaSalle Street; is that right?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Then you went back into the dairy business in 1943?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. And in that year, your partner was murdered in a barbershop; is that right?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. What kind of business were you doing besides the dairy business during this period of time?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. Why was your partner murdered in a barbershop?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. Then you had another parking company in 1946. In 1952 you went into the oil business; is that right?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. In 1954 you went into the real-estate business in the Lincolnwood area of Illinois?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. In 1954 you were also seen very often in the company of Joseph DiVarco, who is also known as Joey Caesar; is that right?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. You used to meet during this period of time at Algour's Restaurant?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. Could you tell us anything about Algour's Restaurant?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. I suppose you noted that Algour's Restaurant was burned down during the last few months?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. It was a million dollar fire; was it not?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. Can you give us any explanation about the two arsonists that came into that restaurant and set it afire, held the people at gunfire and then set it afire?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Mr. Cerone, can you give us any information on that?

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. DiVarco, can you give us any information on that?

Mr. CERONE. I decline to answer that question.

Mr. KENNEDY. On what ground?

Mr. CERONE. On the ground it may incriminate me.

Mr. KENNEDY. You have been associated with Louie Campagna, Frankie Diamond; is that correct?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. According to information that we have, you contacted Cherrynose Gioe and Frankie Diamond at Ciro's Restaurant, 18 North Wabash Avenue in 1954, is that right?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. And Cherrynose was working with this restaurant, and was told to go along with a mob directive that he lay off all slot and pinball operations in the county; is that right?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. And he refused to do so. He left the meeting and a short time afterward was shot to death?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. Could you tell us anything about the death of Cherrynose?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. And within a short time, Frankie Diamond was also killed?

Mr. PRIO. I decline to answer that question.

The CHAIRMAN. Are you a gunman?

Mr. PRIO. I didn't hear the question.

The CHAIRMAN. Are you a gunman?

Mr. PRIO. I decline to answer that question, sir.

Mr. KENNEDY. We have information that you are also associated with Cowboy Mirro, and, of course, Paul Labriola.

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. They were involved in this trade association. Is that correct?

Mr. PRIO. I decline to answer that question.

Mr. KENNEDY. Mr. DiVarco, according to our information, you are also known as Joey Caesar and also Bill Caesar, is that right?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. And you were also connected with these trade associations that were formed in 1952-53 by Weinberg and Needlenose Labriola?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. And that had Mr. Greenfield as their attorney. Did you know Mr. Greenfield?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. We also have information that you are an associate of Tony Accardo.

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. And that you were one of those individuals from whom they had to get clearance in order to operate in Chicago.

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. And it was the fact that clearance was not obtained through you and some of your associates that the trade associations broke down, is that right, Mr. Caesar?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. According to the information we have, you started out as a counterfeiter back in 1936, is that right?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. You were arrested and served 1 year in the Michigan Federal Detention Farm.

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. Then you were working for the three Doms, Dominick Nuccio, Dominick DiBello, and Dominick Brancato, in the late 1940's, is that right?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. And you were very close to Laurence Mangano, who was murdered in gangland style, is that right?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. Mangano was Paul Labriola's stepfather, was he not?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. You were an important figure in the gambling on the North Side of Chicago?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. The Chair is going to order the witness to answer these questions with the approval of the committee.

Mr. DiVARCO. I decline to answer that question because my answer may tend to incriminate me.

Mr. KENNEDY. And you achieved a position of power there in 1949 on the order of Tony Goebels and Paul "the Waiter" Ricca?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. Do you have any interest in any of the restaurants in Chicago?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. Did you have any interest in the C. & B. Meat Co. at 1136 West Randolph Street, Chicago?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question.

Mr. DiVARCO. I decline to answer that question, sir.

Mr. KENNEDY. Isn't it a fact that you could have an interest in that meat-supply company, and that that company supplies a good number of the restaurants and nightclubs in the Chicago area?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs the witness to answer the question.

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. And isn't it correct that your associate in that company is Carlo Coleanni, who is a business agent for the Barbers' Union in Chicago?

Mr. DiVARCO. I decline to answer that question, sir.

Mr. KENNEDY. Could you tell us why you got into that?

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. Is that how shakedowns are received, through the sale of the meat to these restaurants and nightclubs in Chicago?

Mr. DiVARCO. I decline to answer that question, sir.

Mr. KENNEDY. And according—

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question.

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. According to information that we also have, you were connected with the Valentino's Restaurant at 16 East Ohio Street, Chicago.

Mr. DiVARCO. I decline to answer that question.

Mr. KENNEDY. That restaurant closed down very recently. Is that right?

Mr. DiVARCO. I decline to answer that question, sir.

Mr. KENNEDY. Mr. Cerone, we also understand that you were connected with the trade association that was to work with unions that was formed in 1952 and 1953. Is that correct?

Mr. CERONE. I decline to answer that on the grounds it may tend to incriminate me.

Mr. KENNEDY. Are you also known as "Skippy," Mr. Cerone?

Mr. CERONE. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Is your brother known as "Skippy"?

Mr. CERONE. I decline to answer.

Mr. KENNEDY. We understand that you are the former chauffeur and the bodyguard for Tony Accardo; is that right?

Mr. CERONE. I decline to answer.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question.

Mr. CERONE. I invoke the fifth amendment.

The CHAIRMAN. Proceed.

Mr. KENNEDY. We understand you were present at the fourth of July lawn parties in 1954 and 1955 for Tony Accardo; is that right?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. Could you tell us why John Lardino, of local 593, came to those parties?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. And Maurice Timpanaro, who is secretary-treasurer of local 88 of the Cooks Union was at the 1954 party?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. Why do these union officials go to these parties?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. Also Joey Glimco, of course, of local 777 of the teamsters was present; was he not?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. He has been very close to all your people; has he not?

You are very close friends with Joey Glimco?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. Then in 1955, Louis Nadia, secretary-treasurer of local 450, was at Accardo's home at the same time you were there, on the fourth of July party; is that correct?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. What about the 1958 fourth of July party, Mr. Cerone? Can you tell us about that?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. Is it true that the Fourth of July party in 1958 was not held at Mr. Accardo's home but was held at your home?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. We have investigators that went out to your home that evening at 2000 North 77th Avenue, Elmwood Park, Ill., and you have a party the Fourth of July; did you not?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. We found Mr. Accardo's car parked outside your residence. Was Mr. Accardo attending your party?

Mr. CERONE. I invoke the fifth amendment.

The CHAIRMAN. Are you ashamed of your guests? Are you afraid that the mentioning of their names might incriminate you?

Mr. CERONE. I honestly believe that it may tend to incriminate me.

The CHAIRMAN. Sir?

Mr. CERONE. I invoke the fifth amendment.

The CHAIRMAN. You said you honestly believed something.

Mr. CERONE. I decline to answer for I honestly believe that my answer may tend to incriminate me.

Mr. KENNEDY. I might say on April 23, 1958, Mr. Chairman, when we went out to try to subpoena Mr. Tony Accardo at his home, we found Mr. Cerone's automobile in his driveway.

You were visiting with him that night, Mr. Cerone?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. We also found that the automobile of John Lardino, administrative director of local 593, was at your home on the Fourth of July.

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. And Willie "Smokes" Aloisio, well-known syndicate gambler, was also there?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. And a girl friend of Rocco Fishetti was also present?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. And Joseph Maita; is that correct?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. He is the one that owns the pink Oldsmobile, is he not, that was used by Tony Accardo and Paul Ricca at Claude Maddox' funeral?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. That is the information we have. Is it correct?

Mr. CERONE. I decline to answer.

(At this point Senator Goldwater withdrew from the hearing room.)

Mr. KENNEDY. We have information that you are associated with the Premium Beer Sales, Inc.

Mr. CERONE. I decline to answer.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question.

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. Mr. Chairman, this is the organization, the company, that Mr. Accardo listed as a source of \$40,000 income in 1955.

The CHAIRMAN. Is that a legitimate business?

Mr. CERONE. Are you speaking to me, Senator?

The CHAIRMAN. I am looking at you and speaking to you.

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. The 1956 credit report is rather interesting. It shows the owner to be Henry Morgan, of Libertyville, Ill.

This is the one we say Mr. Accardo and Mr. Cerone are connected with. Yesterday, when Mr. Greenfield was asked the name of just one tavern owner that had approached him and told him about the fact that he had been shaken down, the only name he could come up with was Mr. Henry Morgan?

Could you explain that to us?

Mr. CERONE. I invoke the fifth amendment.

Mr. KENNEDY. None of you want to say anything?

Do you want to say anything, Mr. Prio?

Mr. PRIO. I decline to answer that.

Mr. KENNEDY. How about you, Mr. Cerone?

Mr. CERONE. I decline to answer.

Mr. KENNEDY. Mr. DiVarco?

Mr. DiVARCO. I decline to answer.

The CHAIRMAN. What is it you are declining to answer?

Do you know?

Mr. PRIO. I decline to answer that, also.

The CHAIRMAN. You decline to answer whether you know what you are declining to answer or not declining to answer?

Mr. PRIO. I decline to answer that also.

The CHAIRMAN. Are there any further questions?

Senator Curtis?

Senator Ervin?

Mr. KENNEDY. That is all.

Senator CURTIS. I would like to have a statement, very brief, about the connection of these men to unions or trade associations or management-labor relations at this point in the record.

Mr. KENNEDY. No. 1, the 1952-53 operation that we had testimony about yesterday, where these two trade associations were being created, the liquor association and a restaurant association, which was to be

backed by the syndicate, that were to use the labor unions as an enforcement arm.

It is the same matter that I mentioned this morning. These three individuals were to be associated with that. Their names were mentioned in connection with this operation. That would be No. 1.

Again, as I said this morning, this is an extremely important kind of operation, because it is similar to the kind of operations that we have seen in other sections of the country.

No. 2, these individuals have all had, the three of them, close associations with certain union officials in the Chicago area.

No. 1, Joey Glimco; No. 2, would be Johnny Lardino. And there have been others that I have mentioned here in the course of the record. What we are investigating is the infiltration of criminals and hoodlums into legitimate businesses, possibly for use as fronts, and into labor organizations, and the perversion of labor organizations, which are supposed to be for the use of the employees, the workers, by people such as this to advance their own well-being and their own incomes, and without any interest whatsoever in the union members.

Of course, it exploits the members of the union. As for the exploitation of businesses, we have found that it is a million dollar shake-down going on throughout the United States, in which these men participate.

The CHAIRMAN. Each of you will remain under your present subpoena. You will be under recognizance to reappear and testify before the committee at such time as it may desire further testimony from you, with reasonable notice of the time and place of the committee hearing being given to you.

Do you accept such recognizance?

Mr. PRIO. I do.

Mr. DiVARCO. Yes.

Mr. CERONE. Yes.

The CHAIRMAN. You understand reasonable notice. We will send you a telegram to your home address. Did each of you give us your home address?

Mr. PRIO. Mine is 1721 Sunset Ridge, Glenview, Ill.

Mr. CERONE. 2000 North 77th Avenue, Elmwood Park, Ill.

Mr. DiVARCO. 4275 Jarvis.

The CHAIRMAN. Is that in Illinois?

Mr. DiVARCO. I decline to answer that question.

The CHAIRMAN. You decline to state whether you are in the State of Illinois or not?

(The witness conferred with his counsel.)

The CHAIRMAN. It just shows how ridiculously people of this character resort to the device of the fifth amendment solely for purposes of obstructing the orderly processes of Government.

Is there anything further?

Before you leave, the Chair will give the instructions to the staff to prepare the necessary papers for you to be cited for contempt of the United States Senate. I am confident that the committee will weigh that carefully, and if it should propose a resolution to the Senate for you to be cited for contempt, I am also reasonably confident the Senate will act favorably on it.

If it develops, as I hope it will, I hope that your cases, some of them at least, will go to the Supreme Court of the United States.

Then we can determine once and for all whether the law and order of this country and decent society can be undermined and destroyed by the tactics you folks employ.

You are excused for the present.

Call the next witness.

Mr. KENNEDY. Mr. Clifton and Donald Marquis.

Mr. Chairman, we have now closed this phase of the investigation dealing with the trades associations that tried to get started in 1952 and 1953. We are going back now to finish up with the Chicago Restaurant Association and some of the members of the Chicago Restaurant Association, and certain restaurant owners.

Mr. LANCASTER. Did you want both at the same time, Mr. Chairman?

Mr. KENNEDY. Have them both at the same time.

The CHAIRMAN. You and each of you do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DONALD MARQUIS. I do.

Mr. CLIFTON MARQUIS. I do.

TESTIMONY OF CLIFTON MARQUIS AND DONALD MARQUIS, ACCOMPANIED BY COUNSEL, WILLIAM J. LANCASTER

The CHAIRMAN. Beginning on my left, state your name, your place of residence, and your business or occupation, please.

Mr. CLIFTON MARQUIS. Clifton Marquis, 5016 North Albany Avenue, Chicago, Ill.

The CHAIRMAN. What is your business?

Mr. CLIFTON MARQUIS. Restaurant.

Mr. DONALD MARQUIS. Donald A. Marquis, 7710 Northeast Lake, Chicago, Ill. I am in the restaurant business, treasurer of the Marquis Co.

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. LANCASTER. William J. Lancaster, 111 West Washington, Chicago 2, Ill.

Mr. KENNEDY. Mr. Clifton Marquis, you are president of this restaurant?

Mr. CLIFTON MARQUIS. Yes, sir.

Mr. KENNEDY. And there are approximately 11 in Chicago?

Mr. CLIFTON MARQUIS. Exactly 11.

Mr. KENNEDY. How many employees do you have all together?

Mr. CLIFTON MARQUIS. Approximately we have 150.

Mr. KENNEDY. You and your brother have been in the restaurant business for some 40 years?

Mr. CLIFTON MARQUIS. About 43.

Mr. KENNEDY. In May or June of 1953, a business agent of Miscellaneous Union 593 wrote you a letter regarding joining the union?

Mr. DONALD MARQUIS. I got the letter.

Mr. KENNEDY. And they stated in the letter they had a majority of the employees signed up?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. You got in touch then with Mr. Donald Kiesau of the Chicago Restaurant Association?

Mr. DONALD MARQUIS. I am not sure whether I called Mr. Kiesau first or Teitelbaum.

Mr. KENNEDY. But you were ultimately put in touch with Mr. Teitelbaum?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. Mr. Teitelbaum told you he could settle the problem?

Mr. DONALD MARQUIS. He told me to disregard the letter and he could handle the situation.

Mr. KENNEDY. Was this period of time that Mr. Teitelbaum had gotten into some difficulty, both taxwise and also with the House committee?

Mr. DONALD MARQUIS. I believe he had had some difficulty prior to that.

Mr. KENNEDY. Within the previous couple of years; is that right?

Mr. Marquis, Clifton Marquis, you requested an election, then, from the union?

Mr. CLIFTON MARQUIS. Well, the day it started I went down to the union office.

Mr. KENNEDY. What started it?

Mr. CLIFTON MARQUIS. The day the pickets were in front.

Mr. KENNEDY. Subsequently, after Mr. Teitelbaum told you to disregard the letter, you disregarded it and they put pickets on?

Mr. CLIFTON MARQUIS. That is right. Then I went down to the union office and I asked about an election and they said it was too late.

Mr. KENNEDY. Who did you talk to down there?

Mr. CLIFTON MARQUIS. Mr. Cullerton, Mr. Blake.

Mr. KENNEDY. Mr. Blakely, I think.

Mr. CLIFTON MARQUIS. Mr. Blakely, and I think Mr. Lardino.

Mr. KENNEDY. John Lardino?

Mr. CLIFTON MARQUIS. I think the three of them were there.

Mr. KENNEDY. And you requested that the employees be permitted to vote as to whether they wanted to belong to the union, and these union officials that you have named refused to give you the vote, is that right?

Mr. CLIFTON MARQUIS. That is right.

Mr. KENNEDY. Refused to put this to the members, the employees of your restaurants?

Mr. CLIFTON MARQUIS. That is right.

Mr. KENNEDY. Were all of your restaurants on strike?

Mr. CLIFTON MARQUIS. All of them.

Mr. KENNEDY. All 11 of them?

Mr. CLIFTON MARQUIS. That is right.

Mr. KENNEDY. Were any of your own employees on the picket line?

Mr. CLIFTON MARQUIS. There may have been a few. Of course, I wasn't there when it started that morning. That was about 4 or 5 o'clock. So I am not positive whether there were any of our own employees there at that time or not.

Mr. DONALD MARQUIS. May I answer that, Mr. Kennedy? I have checked around the 11 stores and the bakery, which is 12 years, and there were not over 10 or 15 of approximately 100 that were employees.

Mr. KENNEDY. The rest of them were all outside pickets?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. Did you tell me that some of the pickets actually came into the stores, or did they stay outside?

Mr. DONALD MARQUIS. They stayed outside, but there were frequent occasions where there would be automobile loads of derelicts dumped out in front of the restaurant and given money to go into the restaurant.

Mr. KENNEDY. What was the purpose of that?

Mr. DONALD MARQUIS. To create a disturbance, buy food, spill it on the floor and fall asleep in the restaurant.

Mr. KENNEDY. Did they do that?

Mr. DONALD MARQUIS. They did that.

Mr. KENNEDY. Fall asleep in the restaurants?

Mr. DONALD MARQUIS. Yes.

Mr. KENNEDY. That was during the period that the strike was going on?

Mr. DONALD MARQUIS. During the period of 10½ weeks that it was going on.

Mr. KENNEDY. You were contributing to the voluntary fund of the Chicago Restaurant Association?

Mr. DONALD MARQUIS. Yes, we have.

Mr. KENNEDY. One of the purposes of the voluntary fund was to prevent the unionization of the restaurants, was it not?

Mr. DONALD MARQUIS. I don't believe that is quite the way I would like to have it phrased, sir. There is a point that has not been brought up.

In 1914 the Chicago Association was organized to help defend a restaurant man who had had a 6 month's contract with the Waitresses Union be continued providing they had been successful in influencing his waitresses to join the union or if the union was successful in providing them with a sufficient number of waitresses.

At the end of that 6-month experiment, he was threatened with pickets, and at that time this group of restaurant men, I would say about 20 of them, that perhaps operated 80 restaurants, maybe 100, they organized in order to help these fellows get a fair deal and to forbid this illegal what might be described as not peaceful picketing.

At that time, gentlemen, is when the voluntary fund was developed, 1914. The amount that was suggested as being a fee to be paid by the members has varied from time to time. In many years it was none.

Mr. KENNEDY. But the point is that one of the main purposes of the voluntary fund, and the money used in the voluntary fund, was to prevent the unionization of these restaurants, was it not?

Mr. DONALD MARQUIS. To prevent coercion into the union. I don't think it prevents unionism.

Mr. KENNEDY. What percentage of the restaurant owners who are members of the association have unions in their restaurant?

Mr. DONALD MARQUIS. I am sorry, I don't know.

Mr. KENNEDY. Isn't it correct that about 80 percent of the members of the Chicago Restaurant Association are nonunion?

Mr. DONALD MARQUIS. I do not know the percentage.

Mr. KENNEDY. Mr. Teitelbaum was unable to settle the strike, is that right?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. And the pickets went on?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. Was Mr. Teitelbaum, in view of the fact that he was not able to keep the pickets from going on the restaurants, was he then fired from his job as labor consultant for the Chicago Restaurant Association?

Mr. DONALD MARQUIS. Well, I don't know that I would say that he was fired. It was an automatic understanding, as I understood it, that when we needed his attention, if we didn't get successful application, he was to quit.

Mr. KENNEDY. If he wasn't able to prevent the picketing of a restaurant, then his services were to be dispensed with?

Mr. DONALD MARQUIS. I don't think it quite worked that way, because we did retain his services after at least some place, I just learned about today, was picketed during his term.

Mr. KENNEDY. Well, I believe the Nantucket Restaurant or the Howard Johnson.

Mr. DONALD MARQUIS. No prior to ours. I think it was the Howard Johnson. I just learned that yesterday.

Mr. KENNEDY. When he wasn't able to successfully produce what he was supposed to produce, which evidently in this case was the picketing, then his services were dispensed with, is that right?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. In this particular case, his services were dispensed with because he was unable to prevent the picketing?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. Then the Chicago Restaurant Association went out and hired another labor relations consultant, is that right, and not Mr. Champagne?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. What was in Mr. Champagne's background and experience that qualified him for this job as labor relations consultant? (At this point, Senator Mundt, entered the hearing room.)

Mr. DONALD MARQUIS. That I don't know. The committee that engaged him would perhaps have more definite information.

Mr. KENNEDY. You were one of the members of the committee?

Mr. CLIFTON MARQUIS. That is right.

Mr. KENNEDY. What was his background and experience?

Mr. CLIFTON MARQUIS. I have no idea.

Mr. KENNEDY. You interviewed him?

Mr. CLIFTON MARQUIS. No, I didn't. I went along with a committee of three, with George Drake and—

Mr. KENNEDY. Who is George Drake?

Mr. CLIFTON MARQUIS. At that time he was president of the Restaurant Association.

Mr. KENNEDY. What labor experience had Mr. Champagne had?

Mr. CLIFTON MARQUIS. Mr. Kennedy, I don't know if he had any.

Mr. KENNEDY. It is a fact he had no labor experience.

Mr. CLIFTON MARQUIS. I don't know if he had any or not.

Mr. KENNEDY. He was a criminal lawyer, was he not?

Mr. CLIFTON MARQUIS. Well, I can put it this way. I don't know anything about him. I didn't then and I don't know.

Mr. KENNEDY. You were one of the three individuals, you said?

Mr. CLIFTON MARQUIS. Yes, I went with the three people, and I remember meeting Harry Isral that morning, and driving out with Harry. George Drake met us before we met Mr. Champagne. The

idea was to see if he wanted to accept the job as labor relations counsel for the Chicago Restaurant Association.

In the interview, I was there, but I can't remember just what Mr. Champagne said or what Mr. Isral said. I know I didn't have any conversation.

Mr. KENNEDY. Who proposed Mr. Champagne?

Mr. CLIFTON MARQUIS. Mr. George Drake.

Mr. KENNEDY. And he was president of the Chicago Restaurant Association?

Mr. CLIFTON MARQUIS. That is right.

Mr. KENNEDY. And as a member of the committee, you don't know anything about Mr. Champagne's background and experience?

Mr. CLIFTON MARQUIS. No. I am awfully sorry that I don't.

Mr. KENNEDY. How did you determine what salary should be paid?

Mr. CLIFTON MARQUIS. I think it was determined based on what Mr. Tietelbaum was receiving at the time Mr. Champagne was engaged.

Mr. KENNEDY. That was \$125,000 a year. Did you know what Mr. Champagne was earning at that time?

Mr. CLIFTON MARQUIS. I haven't the faintest idea.

Mr. KENNEDY. He was earning \$9,000, in 1952, he earned \$9,328, and you agreed to pay him \$125,000?

Mr. CLIFTON MARQUIS. That is right.

Mr. KENNEDY. Was he able to settle the strike?

Mr. CLIFTON MARQUIS. I don't know. It was ended while Mr. Champagne was the attorney.

Mr. KENNEDY. How many days after he was retained?

Mr. DONALD MARQUIS. I think it was about ten.

Mr. KENNEDY. About 10 days after he was retained?

Mr. DONALD MARQUIS. Yes.

Mr. KENNEDY. How long had the strike been in progress?

Mr. DONALD MARQUIS. Ten and a half weeks it had been in progress.

Mr. KENNEDY. Do you know what particular magic he had to be able to settle the strike?

Mr. DONALD MARQUIS. I do not. I am not sure that that is what done it. But I know that the pickets left, and about 10 days after he started, but by that time they were getting somewhat tired.

(At this point, Senator Ervin left the hearing room.)

Mr. KENNEDY. Do you know if he had an assistant?

Mr. DONALD MARQUIS. I do not know.

Mr. KENNEDY. Do you know if he had as an assistant in this operation Mr. Sam English?

Mr. DONALD MARQUIS. I do not know that. I read it in the paper.

Mr. KENNEDY. Mr. Sam English had a long criminal record. Why was that necessary?

Mr. DONALD MARQUIS. I couldn't answer that.

Mr. KENNEDY. Were you financed during this period of the strike by the Chicago Restaurant Association?

Mr. DONALD MARQUIS. Yes; we were.

Mr. KENNEDY. How much money did you receive?

Mr. DONALD MARQUIS. Approximately \$247,000.

Mr. KENNEDY. \$247,000?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. That was from the Chicago Restaurant Association?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. Did any of your employees sign up in the union?

Mr. DONALD MARQUIS. Not that I know of.

Mr. KENNEDY. None of them became members of the union?

Mr. DONALD MARQUIS. I don't know that they did.

Mr. KENNEDY. You never signed a union contract?

Mr. DONALD MARQUIS. No; we did not.

Mr. KENNEDY. So you were successful in preventing unionization?

Mr. DONALD MARQUIS. Successful in keeping an open shop condition.

Mr. KENNEDY. There were never any contracts signed with the union?

Mr. DONALD MARQUIS. No.

Mr. KENNEDY. So far as you know, there were never any employees that became members of the union?

Mr. DONALD MARQUIS. I wouldn't know that for sure.

Mr. KENNEDY. Well, as far as you know.

Mr. DONALD MARQUIS. As far as I know there was none.

Mr. KENNEDY. That is all.

The CHAIRMAN. Do I understand that you were picketed simply because you wouldn't force your employees into the union?

Mr. DONALD MARQUIS. That is right, sir.

The CHAIRMAN. Had any of your employees come to you and discussed it with you, telling you that they had joined the union?

Mr. DONALD MARQUIS. No; they did not.

The CHAIRMAN. In other words, this was just pressure from the organization of the union to force you. The reason they put the pickets out was because you wouldn't sign up your people?

Mr. DONALD MARQUIS. That is right.

The CHAIRMAN. That is, to put them in the union?

Mr. DONALD MARQUIS. That is right.

Senator CURTIS. Mr. Chairman?

Mr. CLIFTON MARQUIS. Could I add a point here?

The CHAIRMAN. Yes, sir.

Mr. CLIFTON MARQUIS. Probably, I don't know for sure, 10 or 15 years prior to this, when some organizer would come and ask me about having our place organized, I offered to give them the names and the addresses of the employees, thinking that if they wanted to belong to a union I shouldn't have to tell them to join the union. They should contact them themselves.

The CHAIRMAN. All right.

Mr. DONALD MARQUIS. At no time did they take advantage of that. But from time to time, organizers would be in the restaurants, talking to the help, and that was one time when my brother influenced them to quit working on them in the stores on our time, and to talk to them elsewhere.

But just prior to our experience, there was almost constantly—I would say every day or two I would see one or more of them entering some of the stores.

The CHAIRMAN. Did they ever come to you and tell you that they had a majority of your people signed up?

Mr. DONALD MARQUIS. Just in one piece of mail, sir—that one letter that I got signed by Josephine Clark. It wasn't signed by

Lardino, Blakely, or Cullerton. It was signed by this woman, Josephine Clark.

The CHAIRMAN. Did they follow up on the letter and come to see you in person—any of the union officials?

Mr. DONALD MARQUIS. No, they did not. I got a phone call and I left word that I would be home at a given time, to call me back, but I didn't get the call.

Mr. LANCASTER. Mr. Chairman, they conducted a poll of their employees during this picketing. I thought you might want to inquire about that.

The CHAIRMAN. During that period of time——

Mr. DONALD MARQUIS. During the period from the time we got the letter identifying the fact that "We have an overwhelming majority of your employees; you will meet with us and sign a letter of recognition or we will take positive action"—that is the substance of the letter, though not exactly verbatim—that is when I talked to Teitelbaum and he said, "Don't worry, you will get no pickets; you will have no strike," but to feel them out and to try to find out whether or not they actually did want to belong to the union.

I gave the managers some cards to distribute among the employees, saying "I do want to belong to the union" or "I do not want to belong to the union." Of the approximate 160 that we had at the time, there were 97 that said "I do not," and there were 41 that said "I do want to belong to the union." Of the 41, there were at least 30 that hadn't ever worked a full week.

The CHAIRMAN. Hadn't what?

Mr. DONALD MARQUIS. Hadn't worked a full steady week for us. They are what the family refers to as floaters. But there were 41 such people that happened to be on the payroll within the period of time that they were taking this vote, and there were an approximate 20 or 25 that didn't see fit to sign for or against.

The CHAIRMAN. Do you think those who signed that they didn't want a union did so under the impression that if they said they wanted a union they might get discharged?

Mr. DONALD MARQUIS. I don't believe so, sir. It was just a piece of card with the two lines printed on it, and I asked the managers just to circulate these among them and ask them to sign them, to express their wishes and sign the cards. There was certainly no pressure put on them.

The CHAIRMAN. Senator Mundt.

Senator MUNDT. This \$247,000 that you were reimbursed by the restaurant association was collected, I presume, from your fellow restaurateurs by assessments?

Mr. DONALD MARQUIS. No; we never called it assessments, sir. It is a voluntary fund. The amount is suggested that So-and-so is paying 25 cents a month, 25 cents a week, or a dollar a month, depending upon the circumstances and the condition of the fund.

Senator MUNDT. It was a voluntary assessment in that you could pay it or——

Mr. DONALD MARQUIS. Or not pay it, as you saw fit.

Senator MUNDT. But if you did not pay it, I presume you dropped out as a potential beneficiary?

Mr. DONALD MARQUIS. No, sir; that is not the case. There were many people that did not contribute to the voluntary fund that were given aid throughout the years.

Senator MUNDT. How big a revolving fund or nest egg did this association maintain, usually?

Mr. DONALD MARQUIS. I am sorry; I don't know the exact amount.

Senator MUNDT. Your brother might know. He apparently was an official.

How big a fund did they maintain?

Mr. CLIFTON MARQUIS. I couldn't give you the exact figures, but it varied. When there was need, then the contribution was larger. It has varied. I believe Mr. Mundie may have those figures, when he checked with the association's office. As far as our records are concerned, Mr. Mundie checked those, too. He could give actual figures, where I wouldn't remember them.

Senator MUNDT. You fellows operated 11 restaurants, did you?

Mr. CLIFTON MARQUIS. That is right.

Senator MUNDT. What would be the average annual voluntary contribution?

Mr. CLIFTON MARQUIS. Average over the whole period of time?

Senator MUNDT. Yes.

Mr. CLIFTON MARQUIS. That would be about 40 years.

Senator MUNDT. Not necessarily.

Mr. CLIFTON MARQUIS. Per year?

Senator MUNDT. Per year, yes.

I will put it this way: Can you give me some idea of the top and lower limits?

Mr. CLIFTON MARQUIS. I think I could give you this as a rough estimate. That in the period of time that we have had the voluntary contribution we have contributed probably \$40,000.

Senator MUNDT. In how long?

Mr. CLIFTON MARQUIS. In the 40 years, 43 or 42.

Senator MUNDT. Averaging about \$1,000 a year?

Mr. CLIFTON MARQUIS. I am just making a guess. It would be something like that.

Senator MUNDT. Do you recall what would be the highest contribution you ever made in 1 year?

Mr. DONALD MARQUIS. It could have been as much as \$6,000 or \$7,000 in 1 year.

Senator MUNDT. That would be for all——

Mr. DONALD MARQUIS. It would be a very, very high year, when there was some difficulty.

Senator MUNDT. How was that contribution distributed among the various restaurant operators—on the basis of your gross income or on the basis of your employees?

Mr. DONALD MARQUIS. On the basis of the number of employees?

Senator MUNDT. Roughly what?

Mr. DONALD MARQUIS. Twenty-five cents a person, fifty cents a person, a dollar a person, providing you saw fit to do it.

Senator MUNDT. How could you protect each other if the fellow who didn't pay was treated exactly the same as the fellow who did pay?

Mr. CLIFTON MARQUIS. Well, there might have been a case that a man was in difficulty and we thought the treatment to him was so unfair we would help him, even though he didn't make a contribution. The whole thing was to keep from being boycotted, coerced, forced into a union.

Senator MUNDT. In other words, if a fellow had some economic circumstances which the officers considered legitimate and which would make it difficult for him to pay, he would not necessarily have to pay. But if a good and going concern, obviously making money, on State Street, for example, just said, "I don't want to pay, and I don't expect to get the benefits"—

Mr. CLIFTON MARQUIS. To my knowledge we have never refused to help anyone that was in trouble, so far as I remember. The policy and the thinking behind the whole program was to help the entire restaurant—not necessarily the association, but the restaurant business.

Mr. DONALD MARQUIS. The so-called strike that prevailed in 1914, in that there was one man involved that had more than 10 restaurants, but large ones. He used quite a good many waitresses. But in just a few weeks, 2 other firms that had 5 or 6 places each were picketed by waitresses, neither of whom had ever employed a waitress.

But because the three firms were associated in a bakery—that might have been the justification for putting waitresses picketing lunchrooms that had never had waitresses work in them. The firms were 10 or 12 years old even then. That was the time we succeeded in getting an injunction restraining them from picketing, and that was during our similar experience. I dislike calling it a strike, because I think of a strike as where your employees are on the picket line, and not 75 or 80 or 90 percent unemployed.

Senator MUNDT. The way you describe it, the words "secondary boycott" would be more applicable than "strike."

Mr. DONALD MARQUIS. Well, forbidding the delivery of merchandise and forbidding the disposal of the garbage, which, of course, is a serious problem. But noting the condition that these fellows had in 1914, and when the handwriting came on the wall that we were going to be clouted in the same manner, it was a little disturbing.

Senator MUNDT. About how many restaurants in Chicago belong to this association?

Mr. CLIFTON MARQUIS. That question was asked before and I don't know the exact percentage. Once it was 75 were—

Mr. DONALD MARQUIS. That isn't what he asked. He asked how many restaurants. There are 800 members involving somewhere between 1,600 and perhaps 2,000 restaurants.

Senator MUNDT. About what percentage of the restaurants of Chicago would that be?

Mr. DONALD MARQUIS. I don't know that, sir. I one time heard a figure of 7,000 restaurants. That would be 35 percent, approximately.

Senator MUNDT. A staff member indicates that that would be between 20 and 25 percent.

Mr. DONALD MARQUIS. Something like that. But I am not sure of that.

Senator MUNDT. The thing that is difficult for me to understand, if that arithmetic is correct, is how 20 or 25 percent of the restaurants of Chicago could undertake to underwrite the losses of the other 75 percent that didn't make any voluntary contribution?

Mr. DONALD MARQUIS. Well, it never came around to where they had a condition develop to where they were asked to help that many. If it was a matter of some little fellow just starting in business, he would be more likely to be the one that would get help, that had not made any contribution to the fund.

Senator MUNDT. Did the members of the Chicago Restaurant Association traditionally have a little bit more trouble with the labor unions than those that did not belong to the restaurant association?

Mr. DONALD MARQUIS. I don't think so. I wouldn't know, but I wouldn't think so.

Senator MUNDT. I suggested an analogy to one of your predecessors on the stand a day or two ago that one concept of this business in Chicago, which I confess I am not sure I completely understand, would be that it would be sort of a mutual insurance company in which the restaurant people made voluntary assessments or contributions for their collective protection against this brigandry that the unlawful elements in labor unions were trying to inflict upon them.

I know something about mutual insurance companies as they apply on hail insurance on South Dakota farms, for example, or fire insurance. We have a lot of little mutual insurance companies whereby neighbors or people within a county collectively insure each other through a mutual arrangement, but I don't know of any of them that give benefits to the nonparticipants. I am sure that a mutual insurance company could not succeed if they simply say "part of the people will pay the cost, but all of the people will share the benefits."

That seems to be the concept I get from you fellows as to the way this mutual insurance company protection operated in Chicago if, in fact, that is what it was.

Mr. CLIFTON MARQUIS. About the same thing happened as far as the restaurant association itself was concerned because many people that don't belong to the restaurant association still derive benefits from it.

Senator MUNDT. That is the curious part. That is the part that it is hard for me to reconcile with the insurance concept. Let us take, for example, an insurance company in my home county in South Dakota, where the Lake County farmers get together and insure each other against tornadoes. When one of them has a set of farm buildings swept away, they have an assessment and each pays into the fund so that the unfortunate sufferer can be recompensed.

But they never step beyond the county line to someone who didn't pay any assessments or fees, and say "Too, too bad, old fellow, you lost your buildings. We will rebuild your buildings, too."

It looks to me that in an insurance company, if that is what it was, part of the restaurant in Chicago undertook the financial responsibility of underwriting the strike losses and the labor trouble losses of all of the restaurants of Chicago. I don't see how that thing is economically feasible.

Mr. DONALD MARQUIS. That is not the case.

Senator MUNDT. Where is the difference? Where is it different than that?

Mr. DONALD MARQUIS. Where we had occasion to help a new fellow, a little fellow, just starting in business, and he was perhaps—I am just guessing, though I know definitely some instances—where he was threatened with pickets if he didn't sign up with a union right away, we have helped such restaurant people several times. What

my brother meant when he made reference to the fact that all the restaurant business in Chicago get some benefit from the Chicago Restaurant Association's activities is in the restaurant field, whether they belong to it or not; that is what he meant.

It is just like in almost any trade, there will be some who do the work and pay the freight and some will get benefits from it that don't take any part in it.

That would be the regular membership, that is what he referred to, and not the voluntary fund for the purpose of insurance against, pardon me, hoodlum activity to destroy our business.

Senator MUNDT. Would you agree with the hypothesis that what you were actually operating was some kind of a mutual insurance company to protect you against union hooliganism—to borrow a Russian phrase?

Mr. CLIFTON MARQUIS. I think that is a good explanation for it, a good name to call it.

Senator MUNDT. I can see under the circumstances a need, perhaps for that, but I still have difficulty in figuring out how you could maintain the financial structure on the basis of 20 to 25 percent of your paying the premiums to provide the benefits for the 100 percent of the people in the business. That to me is still a puzzle.

Mr. CLIFTON MARQUIS. Maybe I stated it wrong before, if I said 100 percent of the people. I should have said, perhaps, all of the members of the Chicago Restaurant Association?

Senator MUNDT. I asked you the question of whether or not a fellow who did not belong, or a fellow who failed to pay his assessments, would get the same benefits as the man who did belong.

I thought you said he would.

Mr. CLIFTON MARQUIS. Maybe I stated it wrong. What I was going to say was that the members of the Chicago Restaurant Association that did not volunteer to the contribution did get some help without the voluntary contribution, rather than to say—

Senator MUNDT. Now you are telling me that there is an association to which all pay an initiation fee, dues or something in addition to the voluntary assessments, and that the benefits, by and large, are made available to all members of the association, but not to all people in the business.

Is that right?

Mr. CLIFTON MARQUIS. That is right.

Senator MUNDT. That is more understandable.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. During the years that you have been in the restaurant association and participating in the voluntary fund, were there any instances where that fund was used to help an employer resist union activities that were carried on in a strictly lawful manner?

Mr. DONALD MARQUIS. Not that I know of.

Senator CURTIS. In other words, if the employees of an establishment would seek to organize themselves and seek recognition, and there was no violation of law of any consequence, would your association resist such activities?

Mr. DONALD MARQUIS. Definitely not. For instance, there were quite a few members of the association that were already organized,

but at no time, to my knowledge, could voluntary contributions be used if somebody was unionized legitimately.

Senator CURTIS. We have had a great deal of testimony here as to the infiltration into these unions of hoodlums and people with criminal records and the like. Was it regarded by the restaurant industry generally that all of the unions that they had to deal with were so constituted?

Mr. DONALD MARQUIS. No, sir. An example of that prevails in our company. We have a small bakery, where we bake for our own lunchrooms, and we have had union bakers for many years, as well as union drivers.

Senator CURTIS. Do you know whether or not the bakers' union has had any liaison with the criminal elements?

Mr. DONALD MARQUIS. I do not believe they have. I have never heard of it. Not that I would know of. But this little union, the few people I have and our contact with them, I have not heard of any hoodlumism or racketeering. It could well prevail without my hearing about it, but I have not heard, and it has not come to my knowledge.

Senator CURTIS. The right to organize and bargain collectively is not a right that belongs to unions. It is a right that belongs to workers. That is why I was interested in knowing whether or not your association or its voluntary fund would resist the bona fide and lawful efforts of workers to organize themselves assuming that all of their activities were in accordance with the law.

Mr. CLIFTON MARQUIS. I don't know if it is of interest to the committee, but our payroll percentage of what we pay is 40 percent of every dollar we take in.

That is using a percentage of dollar income against what is paid to employees. There was some past witness where there was some comment with reference to did they save by not belonging to the union?

Of course, as far as we are concerned, that does not prevail, because since the strike of 1953 we have not quite got over the disease yet.

That is 5 years ago just about now, the 20th of July.

Senator CURTIS. That is all, Mr. Chairman.

Senator MUNDT. As I get the picture, it is the testimony of you fellows that the Chicago Restaurant Association was not organized to fight honest unionism.

Mr. CLIFTON MARQUIS. That is right.

Senator MUNDT. But it was organized to fight corrupt unionism or corrupt practices by bad union officials; is that it?

Mr. CLIFTON MARQUIS. That's exactly right.

Mr. DONALD MARQUIS. Our experience in the 1914 one perhaps stands out in my mind because it was so unfair and having so few actual employees, and at least 10 or 12 not a single employee. Our case was very much like that.

Senator MUNDT. The way you fellows present the picture, it is a perfectly correct and proper arrangement. What disturbs me is that at least two of your employees, former employees, or, I better say, executives of the association, come before the committee and take the fifth amendment. If this was all as legitimate as you have described it, I can't understand why Mr. Teitelbaum and why Mr. Champagne, who were your top functionaries and whose job it was to carry out this perfectly laudable purpose of running a mutual insurance company to protect yourself against dishonest unions, would not proudly pro-

claim what they have been doing, as you fellows properly are proud of what you have been doing.

How do you explain that these top functionaries of yours come in and take the fifth amendment?

MR. DONALD MARQUIS. I never heard of the fifth amendment before, sir. I can't imagine such a thing. Had I known it was going to prevail like that, you can be sure that I would not have had any contact with them.

Senator MUNDT. In other words, had you known that the people that you looked to to enforce this arrangement were engaging in activities of such a nature, that when questioned by a lawfully constituted committee of Congress, they had to hide behind the cloak of the fifth amendment, you would not have made your contributions?

MR. DONALD MARQUIS. It has been a terrible reflection upon a fine organization.

Senator MUNDT. That is how it seems to me. You fellows come here and I have been very favorably impressed by virtually all of the restaurant men who have been here, but it is pretty hard for me to understand why legitimate businessmen engaged in a legitimate effort to protect themselves against criminal elements should have engaged people who take the fifth amendment when asked to tell us what they were doing with the money.

MR. DONALD MARQUIS. It is unfortunate.

Senator MUNDT. Who is it at the present? Mr. Teitelbaum is out entirely at present, and Mr. Champagne is out?

MR. DONALD MARQUIS. Yes.

Senator MUNDT. Who is the new Mr. Teitelbaum or the new Mr. Champagne?

MR. DONALD MARQUIS. We don't have anybody.

Senator MUNDT. You have somebody, don't you, to run the thing?

MR. DONALD MARQUIS. During the strike period we had Winston, Conner, and Strong that were preparing a case to seek an injunction restraining the pickets. That preparation was being made at the time the pickets left.

Senator MUNDT. What was the title? What title did Mr. Teitelbaum have? Executive secretary?

MR. DONALD MARQUIS. No; labor-relations attorney.

Senator MUNDT. And that is the title Mr. Champagne had? Labor-relations counselor?

MR. DONALD MARQUIS. That is right.

Senator MUNDT. You don't have a labor-relations counselor now?

MR. DONALD MARQUIS. No; we do not.

Senator MUNDT. Do you now realize that instead of actually creating what you thought you had—a mutual insurance company, operating to protect yourself against dishonest union practices—that you possibly had created an apparatus which, in the hands of an unsavory character, permitted him to recruit trouble for your restaurants instead of allay it? All you had to do was to get the wrong man in as labor consultant, and he went out among his thug friends and said, "Look, we have a lot of soft touches in the restaurant association, and if you will go over to" this street, that street, "and go after them, we can make a nice deal, bring in some more restaurant men, make a settlement, and we will give you part of this loot."

Mr. DONALD MARQUIS. It is very disappointing to know that that happened, sir.

Senator MUNDT. In other words, when you have an association which is as plush as yours, to be able to write a check for \$247,000 to one unfortunate and \$150,000 to another, there is a lot of money which, used legitimately, can be very helpful. But it is also quite an inducement to a crooked fellow, out among some of his thugs, who would say, "Look, this is a pretty good system. We must not let the source of irritation dry up. Get out and cause a little trouble among these members so we can collect some more money, and they will contribute."

That is what actually happened in what you are trying to do.

Mr. DONALD MARQUIS. There was a long period of peace and tranquillity.

Senator MUNDT. That could be. Possibly under a different labor consultant or before the particular labor consultant in question discovered there was more gold in different hills than the one in which he happened to be drilling at the time.

Did you have any recourse under law if at the time this secondary boycott was initiated against you, and you put in your claim for \$247,000 of losses, the association had said, "Sorry, old fellow, we wouldn't give you a dime."

Mr. DONALD MARQUIS. We would have been out of business.

Senator MUNDT. But would you have any legal recourse in this insurance arrangement that you had? Did you have a policy, a contract or anything in writing?

Mr. DONALD MARQUIS. No.

Senator MUNDT. You were putting an awful lot of faith in whoever your labor consultant was or whoever was running the association. You put in \$6,000 or \$7,000 in 1 year as sort of an insurance premium. I bet you don't do that with your life-insurance policy or your fire-insurance policy or your casualty-insurance policy. I bet you insist on getting some kind of piece of paper with printing on it in hand, don't you, to protect you?

Mr. DONALD MARQUIS. Well, we have complete confidence in our fellow restaurateurs in Chicago, if that is the answer for you, sir.

Senator MUNDT. Looking ahead instead of back, how do you think you can operate in this arrangement, which may be necessary in Chicago? I don't know. If you have crooked elements in labor unions, and if Congress continues to refuse to pass legislation to correct it, which I think Congress is going to refuse to pass as it looks to me on the other side of the Capitol so you continue to face the same trouble, how do you think you can continue to serve the same protection to yourselves and other restaurant men without getting yourselves boxed in with another Teitelbaum or another Champagne?

Mr. CLIFTON MARQUIS. We had hoped that possibly some legislation could be passed that would give a small operator a chance to have an election before there was illegal picketing.

Senator MUNDT. I think you have a lot of work to do in your local precincts in Chicago to supply some votes for that legislation.

I don't think it is going to be forthcoming in this Congress. If it isn't forthcoming, you are still in business, and the peril is still there. Self-preservation is the first law of nature. You have to operate collectively to protect yourselves. But you certainly don't want to do it in such a way that you will create the perils that you are trying

to eliminate, which I think in the past you have been doing in setting up this type of apparatus which has been used against you. They have been using your money to dragoon more money out of you. You are intelligent enough to run restaurants. You have to figure some way to protect yourself. What can you suggest?

It would seem to me that the Chicago Restaurant Association ought to have a convention and get a resolutions committee and figure this out, because it is a tough proposition. I can understand your problem.

MR. CLIFTON MARQUIS. I believe the restaurant association at times tried to have something passed, even in the State, if it would make things a little more fair. It seems like it is very fair to have an election, because then, with an adequate supervised election, then you have an actual fact of whether the majority of the employees want to belong to the union.

Senator MUNDT. I live in a section of the country where we had pretty good law enforcement for a long time before we had motor patrolmen or motor sheriffs. The boys packed a six gun around and took care of things pretty well. I am not suggesting that you take care of this by violence, but I do suggest that you find a way of operating this sort of protective association under legitimate circumstances, so that you would have reputable people, and you could come to each other's support. But somehow or other you have to keep it out of the hands of people who take recourse in the fifth amendment. Otherwise, rather than becoming something legitimate and functioning as something which can serve the community, you become, inadvertently, perhaps, through lethargy and inattention, partners to the creation of a very unsavory situation.

MR. CLIFTON MARQUIS. I will certainly recommend that when we have our next meeting.

Senator MUNDT. Do you have meetings of the association?

MR. CLIFTON MARQUIS. Yes, periodical meetings, directors' meetings.

Senator MUNDT. You do realize that the way you have let this thing grow up, it could become more of a peril to you than it could be a support.

The CHAIRMAN. Is there anything further?

MR. KENNEDY. You had Mr. Teitelbaum working for you for some 14 years, did you not?

MR. DONALD MARQUIS. That is correct.

MR. KENNEDY. And Teitelbaum had been attorney for Al Capone?

MR. DONALD MARQUIS. So I heard.

MR. KENNEDY. And Louis Romano worked for 11 years for the association?

MR. DONALD MARQUIS. I don't know that. He may have been working for Teitelbaum.

MR. KENNEDY. Well, he was working for Teitelbaum. And he was with the association for 11 years; was he not?

MR. DONALD MARQUIS. I don't know that.

MR. KENNEDY. And during this period of time, as you pointed out, he was able to avoid the restaurant's having any difficulties with the labor unions, so everybody was satisfied with his services.

So then he got in difficulties with the House committee, got in difficulties on income tax and still his services were maintained. He continued to work for the association; did he not?

Mr. DONALD MARQUIS. Yes; he did.

Mr. KENNEDY. And according to the testimony, we have some information that he was involved in arranging a bribe in 1950-51 and still he continued to work for the association.

Mr. DONALD MARQUIS. I didn't know that.

Mr. KENNEDY. It wasn't until the fact that he was not able to keep pickets off your restaurant, he was unable to keep the pickets away, that his services were dispensed with; is that right?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. That is as you testified here. Again, on this question, you had Mr. Gutsell. First you retained Mr. Champagne, who was an attorney for the gangsters out there.

Ultimately you got Mr. Gutsell. His services were dispensed with when he was unable to keep picket lines off of one of your restaurants. Is that correct?

Mr. DONALD MARQUIS. That is correct.

Mr. KENNEDY. So I think you were not all innocent babes in the woods in this situation, being imposed upon by the Teitelbaums, the Champagnes, the Sam Englishes, and the Louis Romanos.

That is all.

The CHAIRMAN. Any further questions?

Senator MUNDT. Yes. Were you in the committee room yesterday when Mr. Greenfield testified?

Mr. CLIFTON MARQUIS. No; I was not.

Mr. DONALD MARQUIS. We were here part of the afternoon, but I don't remember his name.

Senator MUNDT. Mr. Greenfield, anyhow, who was the man that hoped to become the general counsel, let me put it that way, for a competitive restaurant association, and testified that he was motivated to get into this because it was general practice in the city of Chicago for people owning restaurants to bribe the policemen in order to let them run after hours, and serve liquor to minors, and run joints, in connection with the restaurant and so forth. How general a practice do you think that was in the city of Chicago?

Mr. DONALD MARQUIS. I did not know that it prevailed.

Senator MUNDT. Have you had any trouble with the police of Chicago coming in and trying to shake you down?

Mr. DONALD MARQUIS. No.

Mr. CLIFTON MARQUIS. No.

Senator MUNDT. Do you know any—

Mr. CLIFTON MARQUIS. We don't have any alcohol.

Senator MUNDT. Do you know any members of your association that have had that experience?

Mr. CLIFTON MARQUIS. We don't have any bars in our lunchrooms. We are open all the time. So the element of closing time does not have anything to do with it in our business.

Senator MUNDT. You do have members in your association, I suppose, that serve drinks along with food?

Mr. CLIFTON MARQUIS. Yes, some of these.

Senator MUNDT. At these meetings that you hold, has there been a source of general complaint about the conduct of the police of the city of Chicago that they try to come in and shake down your members?

Mr. CLIFTON MARQUIS. I have not heard of such a thing.

Senator MUNDT. You have not heard of such a thing. It was just a unique source of information that came to Mr. Greenfield and nobody else heard it as far as you know of?

Mr. CLIFTON MARQUIS. As far as I know of.

Senator MUNDT. Do you remember the Big Nine Crime Commission that they had in Chicago?

Mr. CLIFTON MARQUIS. Yes, I remember it; yes.

Senator MUNDT. Did either of you testify before that?

Mr. CLIFTON MARQUIS. No.

Senator MUNDT. Were members of your association generally called in to testify before that?

Mr. CLIFTON MARQUIS. Not that I heard of.

Senator MUNDT. Was that a crime commission established primarily to investigate crime dealing with restaurants and taverns and things of that type?

Mr. CLIFTON MARQUIS. I would assume that, from reading about it in the paper. Otherwise, I don't know anything about it.

(At this point, Senator Kennedy entered the hearing room.)

Senator MUNDT. But you think in the main, those were not incidents involving members of your association?

Mr. CLIFTON MARQUIS. I don't think so.

Senator MUNDT. Did the owner of the Red Barn or the Red Wheel belong to your association?

Mr. CLIFTON MARQUIS. I never heard of it, so I don't know.

Senator MUNDT. All right.

The CHAIRMAN. All right. Thank you very much, gentlemen.

Call the next witness.

Mr. KENNEDY. I would like to call the counsel who then replaced Mr. Teitelbaum for the Chicago Restaurant Association and have him tell the committee how he settled the strike at the Marquis Restaurants. That would be Mr. Champagne.

The CHAIRMAN. Be sworn, please. You do solemnly swear the evidence you shall give before the Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CHAMPAGNE. I do.

TESTIMONY OF ANTHONY V. CHAMPAGNE, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. CHAMPAGNE. My name is Anthony V. Champagne, and I am an attorney at law, duly licensed to practice in the State of Illinois, with an office at 5679 West Madison Street. I reside at 1501 Bonnie Brae, River Forest, Ill.

The CHAIRMAN. You have counsel?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. ALLDER. My name is H. Clifford Alder, my business address is 401 Third Street NW., Washington, D. C. I am a member of the bar of the District of Columbia.

Mr. KENNEDY. Mr. Champagne, we have had some testimony that you were the one that replaced Mr. Teitelbaum in the Chicago Res-

taurant Association as their attorney, and that you were then able to settle the Marquis strike.

Could you tell the committee how it was that you were retained by the Chicago Restaurant Association and how you came to settle the Marquis strike?

MR. CHAMPAGNE. Mr. Kennedy, under the Constitution of the United States—

MR. KENNEDY. Yes?

MR. CHAMPAGNE. And all of its amendments, including the fifth amendment, I decline to answer for the reason that my answer may tend to incriminate me, and I decline to be a witness against myself.

MR. KENNEDY. Mr. Champagne, you were the counsel for this Chicago Restaurant Association. All we are doing is trying to find the facts surrounding your representation of that group. What I want to know is how you came to be retained by them.

Would you please give the committee that information?

MR. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I decline to be a witness against myself and respectfully decline to answer the question for the reason that my answer may tend to incriminate me.

SENATOR KENNEDY. Mr. Champagne, you are an attorney at law?

MR. CHAMPAGNE. Yes, sir.

SENATOR KENNEDY. You are at the present time practicing law?

MR. CHAMPAGNE. Yes, sir.

SENATOR KENNEDY. Do you feel that you should remain an attorney at law, a member of the State bar of Illinois, and come before this committee and refuse to give the information about how you met your responsibilities as an attorney at law, and, in a sense, an officer of the court?

MR. CHAMPAGNE. Senator Kennedy, under the Constitution of the United States, and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me.

(At this point, Senator McClellan withdrew from the hearing room.)

SENATOR KENNEDY. Mr. Champagne—

MR. CHAMPAGNE. And I respectfully decline to be a witness against myself.

SENATOR KENNEDY. Mr. Champagne, of course, you have that constitutional privilege. The question is whether you should be permitted to continue to practice law in the State of Illinois, as a member of the State bar of Illinois, and with the privileges that go with membership in the bar.

If you choose to exercise your constitutional privilege, do you have any comments as to whether you should be permitted by the State bar association to continue to practice law?

I don't think we have had an attorney take the fifth amendment. You and Mr. Teitelbaum are the first two attorneys who have taken the fifth amendment before this committee, in my opinion. I am hopeful that the State bar of Illinois should move against both of you.

I believe you should be disqualified from practicing. I don't want in any way to interfere with your rights to take the fifth amendment.

You are certainly entitled to take that, if you feel an answer would incriminate you. But I don't think that you should be permitted to continue to enjoy the privileges of membership in the State bar association, be an officer of the court, with all of the responsibilities that are placed upon you as an attorney. I don't think you can do both, in my opinion. I am hopeful that the bar association will look into it.

This is a matter, the conduct of attorneys is a matter which has been of some concern to the members of this committee for the past 18 months. We have had other attorneys who, I think, have had conflicts of interest between their responsibility and duty as a member of the bar and the actions they took.

This is the first time we have had two cases of taking the fifth amendment. And I don't think you should be permitted, nor Mr. Teitelbaum in view of that, to continue to practice in the State of Illinois. I am not attempting at all to discuss whether you should or shouldn't take the fifth amendment. But I don't think there is any doubt that your conduct in taking the fifth amendment should definitely be investigated by the Bar Association of the State of Illinois, and I think if you take the fifth amendment they should disbar you. The same goes for Mr. Teitelbaum.

Do you want to comment on that?

Mr. CHAMPAGNE. You are asking me if I wish to comment on what you have just said?

Senator KENNEDY. Yes.

Mr. CHAMPAGNE. I respectfully decline to comment under the provisions of the Constitution of the United States and all of its amendments, including the fifth amendment. I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I decline respectfully to be a witness against myself.

Senator KENNEDY. I want to make it clear that the question you were asked by the counsel was what steps you took as an attorney after you succeeded Mr. Teitelbaum, to bring the strike to an end. I believe after the strike was ended, which was 7 days after you assumed the position of responsibility that the strike was ended, yet the Marquis Restaurants all remained nonunion. The question which was asked you was what you did and what steps were taken?

As I said, you have taken the fifth amendment and I have given you, at least my opinion, as to what action the bar ought to take.

(At this point, Senator McClellan entered the hearing room.)

Senator MUNDT. Mr. Champagne, are you a graduate of a reputable law school?

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Yes, sir, Senator.

Senator MUNDT. Thank you. Are you a member of the Chicago Bar Association?

Mr. CHAMPAGNE. Yes, sir, Senator.

Senator MUNDT. Are you a member of the Illinois Bar Association?

Mr. CHAMPAGNE. No, sir.

Senator MUNDT. Are you a member of the American Bar Association?

Mr. CHAMPAGNE. No, sir.

Senator MUNDT. Just the Chicago bar?

Mr. CHAMPAGNE. Just the Chicago bar.

Senator MUNDT. I asked if you were a member of the State bar, and I believe you said no.

Mr. CHAMPAGNE. You asked me if I was a member of the Illinois bar, and I answered that I was not.

The Illinois Bar Association?

Senator MUNDT. I am not a lawyer. I guess there is a difference. Are you a member of the Illinois bar?

Mr. CHAMPAGNE. Association?

Senator MUNDT. Association. That is what I asked you, and you said no. Is that correct?

Mr. CHAMPAGNE. That is correct.

Senator MUNDT. But you are admitted to practice anywhere in the State of Illinois?

Mr. CHAMPAGNE. Yes, sir.

Senator KENNEDY. May I ask one question? Do you have to be a member of the Bar Association of Chicago or the bar association of the State to practice before the courts of Illinois?

Mr. CHAMPAGNE. No, sir.

Senator KENNEDY. You don't have to be a member of either group?

Mr. CHAMPAGNE. No, sir.

Senator KENNEDY. Who certifies you for admission to practice before the courts? Once you graduate from the law school, do you take a bar exam?

Mr. CHAMPAGNE. That is correct.

Senator KENNEDY. And you are admitted to the bar of Illinois, in that case, or Chicago?

Mr. CHAMPAGNE. If you successfully pass the State bar examination conducted by the Supreme Court of the State of Illinois, you then become admitted.

Senator KENNEDY. Are there canons of ethics in the Chicago bar, the Illinois bar?

Mr. CHAMPAGNE. I know there are canons of ethics of the Chicago bar, but I don't know about the Illinois bar.

Senator KENNEDY. The Illinois bar or the Chicago bar have moved to disbar attorneys; you know that, don't you, Mr. Champagne, in the past?

In other words, the bar itself, in Chicago or in Illinois, does have some competence and jurisdiction over the actions of members of the bar and their rights to practice in Chicago and Illinois; isn't that correct? In fact, I believe there was a case before the Supreme Court, wasn't there, recently, involving the rights of an attorney practicing in Illinois, and the actions the bar had taken in Illinois, and the actions the bar had taken in Illinois in disbaring him? I don't think there is any doubt that it is possible for attorneys, your peers, in Illinois, to disbar you, if they felt that your conduct before this committee had been against the ethics of the bar association or the members of the bar of that city and State; isn't that correct?

Mr. CHAMPAGNE. I don't quite understand your question.

Senator KENNEDY. Do you know what disbarment proceedings are?

Mr. CHAMPAGNE. It seems to me that you were making—

Senator KENNEDY. I don't want to ask you about it. I will just state that there are procedures for disbaring in the State of Illinois and the city of Chicago, by other attorneys, if they feel that an attorney does not meet the standards of the profession. In my opinion,

by your actions here you have not met those standards. I would suggest that the bar association of the State and the Bar Association of Chicago should investigate and make that judgment. I am giving you my opinion as a member of this committee for 18 months, and I have seen the attorneys before this committee. I think by taking the fifth amendment on a question before this committee, which is subject to this investigation, where you have taken the fifth amendment it should be decided whether you should be disbarred.

Mr. KENNEDY. We understand you are a close associate of Mr. Mooney Giancana. Can you tell us about that?

Mr. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I decline, respectfully, to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

Mr. KENNEDY. And it was partly through your association with Giancana that you were able to obtain this position and you were able to settle the Marquis strike; is that right?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

Mr. KENNEDY. For instance, one of the things you did for Giancana was to handle the sale of some property at 644 West Gunnison Avenue, which was the center of some gambling operations for Momney Giancana, and also when he moved to his present address at 1145 Wenonah, Oak Park, Ill., it was you who handled the arrangements. Is that right, Mr. Champagne?

Mr. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

Mr. KENNEDY. Mr. Champagne, will you identify this letter?

The CHAIRMAN. The Chair presents to the witness a photostatic copy of a letter which has been made exhibit No. 13 of the record. Will you please examine this letter and state if you identify it?

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. ALLDER. May I address the Chair?

The CHAIRMAN. Yes.

Mr. ALLDER. My recollection is the last time we appeared here this was shown to Mr. Champagne and he testified at that time. It is already in the record.

The CHAIRMAN. I am not sure about it.

Mr. ALLDER. Several months ago we appeared before the committee.

The CHAIRMAN. That same letter was put in the record?

Mr. ALLDER. Yes.

The CHAIRMAN. You have previously identified the letter; have you?

Mr. CHAMPAGNE. I have stated previously that under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer the question for the reason that

my answers may tend to incriminate me, and I decline to be a witness against myself, as it referred to this letter.

The CHAIRMAN. As I understand you, you are now declining to testify that you identify the letter. I will ask you, then, if you identify your signature on the letter.

Mr. CHAMPAGNE. Under the the Constitution of the United States, and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

The CHAIRMAN. Were you born in the United States?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. You are a citizen of the United States?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. You are a citizen of the State of Illinois?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. According to this letter, and according to the records that we have, you were making some \$8,000 or \$9,000 in law practice, Mr. Champagne.

At least, that is how much you were declaring. Then when you went to the Chicago Restaurant Association, you were given a retainer of \$125,000, you remained there for 8 or 9 months and settled the Marquis strike and then resigned on the basis that you had to go back to your law practice, that it was taking too much time.

Can you tell us why you followed such a peculiar record?

Mr. CHAMPAGNE. Mr. Kennedy, under the Constitution of the United States and its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

Mr. KENNEDY. Mr. Champagne, the reason that we have that you resigned was an argument that you got into with Tony Accardo, and he was going to have you killed at that time; that finally, through the intercession of some of your friends and relatives, that was prevented.

Would you make any comment on that, whether that is correct or not? That you were going to be killed but some of your relatives and friends interceded and saved your life, and you resigned?

Mr. CHAMPAGNE. Well, I am going to answer again, Mr. Kennedy, that under the Constitution of the United States, and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Champagne, what we understand is that you could not perform these arduous duties of representing the restaurant association by yourself, so you got some assistance from Mr. Sam English.

Mr. Chairman, I would like to call Mr. Sam English around at this time and have him sit with Mr. Champagne.

The CHAIRMAN. Come forward, Mr. English.

Be sworn, Mr. English. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ENGLISH. I do.

**TESTIMONY OF SAM ENGLISH, ACCOMPANIED BY H. CLIFFORD
ALLDER, COUNSEL**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. ENGLISH. My name is Sam English. I live at 1800 South Austin, Cicero, Ill.

The CHAIRMAN. What is your business or occupation?

Mr. ALLDER. May I say, Mr. Chairman, that I represent this witness also?

The CHAIRMAN. All right.

Let the record so show.

Mr. ENGLISH. Under the Constitution of the United States and all its amendments, including the fifth amendment, I decline to answer because my answer might tend to incriminate me, and I refuse to be a witness against myself.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, according to the information we have, Mr. Champagne was getting paid \$125,000 a year and he needed some help and assistance, so he got Mr. Sam English and put him on the payroll, paid him out of the fee that he got from the Chicago Restaurant Association, and paid him \$19,200 a year.

Is that right?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. And he was listed on the payroll, Mr. Chairman, as a "labor expert."

The CHAIRMAN. Did you ever do any work?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Do you mean honest work would incriminate you?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, Mr. English has a rather considerable record of about a dozen arrests. He is known to law-enforcement officials as a bookie. You spend most of your time at the racetrack; don't you, Mr. English?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. You used to go to the racetrack most often with Sam "Golfbag" Hunt and "Greasy Thumb" Guzik; is that right?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. And both of them are prominent members of the syndicate; are they not?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. Here is a picture, Mr. Chairman, with Sam Hunt, and Tony Accardo, who was a witness this morning. The witness might want to identify it. It might refresh his recollection as to whether he knows Sam Hunt.

The CHAIRMAN. The Chair hands you a picture containing four people in it. Examine the picture and state if you identify any of the persons in the picture.

(The photograph was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Do you see anybody in the picture you know?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Are you in the picture?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Do you know the people in the picture?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Let that picture be made exhibit 26.

(The document referred to was marked "Exhibit No. 26" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. We understand that you own a small restaurant or grill yourself, called the Fifth Jack Grill, which is located at Fifth Avenue and Jackson Boulevard; is that right?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. There are 3 waitresses, 2 dishwashers, and 1 cook and none of them are members of the union.

Mr. ENGLISH. I decline to answer because my answer may tend to incriminate me.

Mr. KENNEDY. We found out that since you obtained an ownership in that grill, that that grill has never been bothered by the union.

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Are you an American citizen?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered the question "Are you an American citizen?" and answered it truthfully, a truthful answer to that question might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. ENGLISH. Will you repeat the question?

The CHAIRMAN. I asked you if you were an American citizen. That was first.

Mr. AULT. May he have a moment to confer with me?

The CHAIRMAN. Yes.

(The witness conferred with his counsel.)

The CHAIRMAN. The question is: Are you an American citizen?

Mr. ENGLISH. Yes.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, from an examination of the payrolls of the grill, we find that all of the employees of this labor expert are paid below union scale, and if he paid union scale it amounts to approximately \$1,700 each year.

We understand you were also connected with the Midwest Amusement Co. which has the same address as the Fifth Jack Grill; is that right?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. This company was in the business of maintaining and distributing pool tables; is that right?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. This company, as we understand it, is not active at the present time; is that correct?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. We also understand you are a close associate of Danny Lardino, who is a business agent now of local 593 and used to be the president or head of another local in Chicago, 659.

Mr. ENGLISH. I decline to answer.

Mr. KENNEDY. 658. Is that right, 658?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. And you are an associate of Milwaukee Phil, a gambler and hoodlum in Chicago?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. And you were invited to both the lawn parties, the 4th of July festivities at Tony Accardo's home in 1954 and 1955; is that right?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee a little bit of the technique that you used as a labor expert in settling these strikes for the restaurant association?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Champagne, can you tell us why you employed Mr. Sam English, put him on the payroll at \$19,200 a year?

Mr. CHAMPAGNE. Mr. Kennedy, under the Constitution of the United States and all of its amendments, I respectfully decline to answer because my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

The CHAIRMAN. Let the Chair ask you the question: Do you honestly believe that if you gave a truthful answer to the question "Why did you employ Mr. English?" a truthful answer to that question might tend to incriminate you?

Mr. CHAMPAGNE. My answer to that question is "Yes."

The CHAIRMAN. Proceed.

Senator MUNDT. Mr. English, do you know the gentleman seated to your immediate left?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Senator MUNDT. Just a minute. I think you said you were using him as counsel, if I remember you correctly. I want to ask you that question again. Do you know the gentleman seated at your immediate left?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Senator MUNDT. Are you represented here by counsel?

Mr. ENGLISH. I decline to answer because my answer might tend to incriminate me.

Senator MUNDT. Mr. Chairman, I think the record is a little bit confusing. We have a man here claiming to be counsel and the witness claims he is not his counsel. We ought to straighten that out.

Mr. ALLDER. May we have a moment, sir?

Senator MUNDT. I think you should.

(The witness conferred with his counsel.)

Mr. ENGLISH. Will you repeat the question?

Senator MUNDT. I will start over again. Do you know the gentleman seated at your immediate left?

Mr. ENGLISH. Yes.

Senator MUNDT. Who is he?

Mr. ENGLISH. Counsel.

Senator MUNDT. And his name?

(The witness conferred with his counsel.)

Mr. ENGLISH. Clifford Allder.

Senator MUNDT. Do you know the gentleman seated to the immediate left of your counsel?

Mr. ENGLISH. I decline to answer as my answer might tend to incriminate me.

Senator MUNDT. Mr. Champagne, do you know the gentleman seated to your immediate right?

Mr. CHAMPAGNE. Senator Mundt, under the——

Mr. ALLDER. He asked if you know me.

Mr. CHAMPAGNE. I misunderstood your question, Senator. Would you please repeat the question.

The CHAIRMAN. Witnesses pay attention now.

Senator MUNDT. I will have the reporter read the question.

(The pending question was read by the reporter, as requested.)

Mr. CHAMPAGNE. I certainly do.

Senator MUNDT. Who is he?

Mr. CHAMPAGNE. He is Mr. Harry Clifford Allder, an attorney at law representing me at this proceeding.

Senator MUNDT. Thank you.

Do you know the gentleman seated at his immediate right?

Mr. CHAMPAGNE. Now, Senator, I started to answer the question because I misunderstood you, so I will answer that question now.

Under the terms of the Constitution of the United States and all of its amendments, including the fifth amendment, I respectfully decline to answer the question because it may tend to incriminate me, and I respectfully decline to be a witness against myself.

Senator MUNDT. So you recognize there is some difference then, between your relationship with the gentleman seated to the immediate right of your counsel and your relationship with your counsel, is that right?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment, I respectfully decline to answer that question because my answer may tend to incriminate me, and I may be giving testimony against myself.

Senator MUNDT. Do you know Mr. Abraham Teitelbaum?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, I respectfully decline to answer that question on the grounds that my answer may tend to incriminate me.

Senator MUNDT. Is your fear about self-incrimination stimulated by the fact that as a lawyer in the city of Chicago, you have had relationships with characters of somewhat unsavory reputation?

Is that what stimulates your fear in that connection?

Mr. CHAMPAGNE. Senator Mundt, under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer, respectfully, for the reason that my answer may tend to incriminate me, and I decline respectfully to be a witness against myself.

Senator MUNDT. Let's put the question this way in your own self-interest, a question in line with the suggestion that Senator Kennedy has given to the Chicago Bar Association, which undoubtedly will be carried in the Chicago press, and will come officially to the attention of the Chicago Bar Association.

It would occur to me that a lawyer engaging in a practice in the city of Chicago, either of a general nature, or who specializes in what we call criminal law, might have conceivably and properly a relationship of a legal nature with unsavory characters and criminals and hoodlums and gangsters, and that if those associations were strictly of a legal type, they could be considered appropriate.

So let me ask you whether you have ever had any connections with Mr. Teitelbaum other than those which you could define as being legal from the standpoint of a relationship between lawyer and client.

Mr. CHAMPAGNE. May I confer?

Senator MUNDT. Surely.

(The witness conferred with his counsel.)

Mr. CHAMPAGNE. Senator Mundt, under the Constitution of the United States and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

Senator MUNDT. The question is designed, Mr. Champagne, not to provide you an opportunity to incriminate yourself, but to provide you with an opportunity to put into the record something which would reflect to your credit in the event the Chicago Bar Association or any other instrumentality of the State of Illinois should initiate disbarment proceedings against you, because, as I stated, very properly you could have legal relationships with criminal elements, and I don't think disbarment proceedings should be launched under those circumstances.

But if a lawyer, who, by virtue of the fact that he does practice before the courts of the State of Illinois, has relationships with criminal elements which are extralegal in nature, which have no connection with a relationship between lawyer and client, which imply that instead of helping to enforce the law and protect the courts he is trying to undermine the law and degrade the courts, then, indeed, you might be inviting disbarment.

My question was designed to give you a chance to state, if you can, under oath, that you have not had relationships with these criminal

elements other than those which a lawyer would have as a relationship between lawyer and client.

Do you still avoid this opportunity to insert something in the record which might reflect to your credit?

Mr. CHAMPAGNE. Senator, I have no comment on that statement or question.

Senator MUNDT. Well, I want an answer. You can say "Yes," or you can say "No," or you can really take recourse in the fifth amendment. I am giving you the opportunity.

Mr. CHAMPAGNE. Senator, under the terms of the Constitution of the United States and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that the answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

The CHAIRMAN. Are you a member of the Mafia?

Mr. CHAMPAGNE. Senator McClellan, under the Constitution of the United States and all of its amendments, including the fifth amendment, I decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

The CHAIRMAN. Are you a member of a crime syndicate combine or organization in the city of Chicago?

Mr. CHAMPAGNE. Under the Constitution of the United States and all of its amendments, including the fifth amendment I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I decline respectfully to be a witness against myself.

The CHAIRMAN. Were you employed by this restaurant association by reason of the influence or on the recommendation of a gangster, high in the crime operations in the city of Chicago?

Mr. CHAMPAGNE. Senator, under the Constitution of the United States and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

The CHAIRMAN. Did you employ Sam English to help you because you were ordered to do so by organized criminals, criminals in the city of Chicago?

Mr. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

The CHAIRMAN. Did Anthony Accardo recommend you to the restaurant association as a successor to Teitelbaum, and did he also order and direct you or recommend that you employ Sam English to assist you?

Mr. CHAMPAGNE. Under the Constitution of the United States, and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

The CHAIRMAN. As a lawyer in that profession have you done anything in that profession in a legitimate professional way that you could testify to, that wouldn't tend to incriminate you? Can you think of one thing that you can disclose?

Mr. CHAMPAGNE. To that question, Senator McClellan, I am answering that under the terms of the Constitution of the United States and its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

The CHAIRMAN. Are there any further questions?

Senator Kennedy?

Senator KENNEDY. I just want it clear, Mr. Champagne, that Mr. Teitelbaum was the attorney. He was unable to settle the strike for the restaurant association. Then you were brought in and you hired Mr. Sam English, who was an associate of Mr. "Golfbag" Hunt, who was called that because he carried a weapon in a golfbag, a machine gun in a golfbag, and who was directly tied up with Tony Accardo, who is one of the crime leaders in that city, and you, then, were able to settle the strike in 7 days, with Mr. English as your assistant.

You were paid a large sum of money. The restaurant employees were not unionized. They were paid wages below the union scale.

You have come before the committee and have refused to give us any information about it, and so has Mr. English. That is, of course, completely reprehensible. The people who were really sold out were the employees of the restaurant. They are the ones that are paying the cost of this criminal operation, which is what it was. I am hopeful that legislation we may be able to have passed in this session of the Congress would make it more difficult to operate, will prevent a repetition, because it will make it necessary to disclose all financial transactions, by those who pose as labor-management middlemen or those who, like Mr. English, are labor experts.

All payments to them will be recorded and reported at the time they are made and the purposes for which they are expended. I am hopeful that the labor legislation which passed the Senate will pass the House this session, because it will make it far more difficult for you, Mr. Accardo or Mr. English to operate in the labor-management movement where you have no business to operate. You were not an attorney for the restaurant association in a proper sense, nor for the union.

You really had no business, nor did Mr. Accardo or Mr. English, in the industrial bargaining, which should have taken place between the restaurants and the unions. The only employees who got the short end were the employees who were not unionized and were not organized at the end of the strike.

What you did in the 7 days, we don't know. But a large sum of money was paid to you, and the strike was ended and there was no union. The victims were quite obvious. And the large sum of money which you and Mr. English received was—how much was that?

Mr. KENNEDY. \$125,000 for this individual alone. I think it shows the control, the complete control, of the syndicate, by the gangsters and by the hoodlums, and what part they played in this situation?

Senator MUNDT. In your income tax reports you show that in 1952 you were earning, on the basis of your reports, \$8,216.91. In 1953 you reported \$23,174.05. That is the year you began your work for the Chicago Restaurant Association.

You reported you got from them \$20,800 that year. In 1954, you reported a total income of \$69,938, and said that of that amount \$62,450 came from the Chicago Restaurant Association.

Then you left the association, and in 1955 your income report was \$11,537.87. My question is: In making out your income-tax returns to the Federal Government, have you made them out accurately or have you made them out fictitiously?

Mr. CHAMPAGNE. Senator Mundt, under the Constitution of the question—

Senator MUNDT. Be sure you understand the question now.

We had confusion last time when I was talking about your counsel. I don't want you to get into more trouble than you are, unless you want trouble.

Nobody wants trouble with the Internal Revenue Service. I am asking whether in making out your 1952, 1953, and 1954, and 1955 income tax returns, whether you made them out accurately or fictitiously. Think it over carefully, talk to your lawyer, and realize exactly the implications involved.

Mr. CHAMPAGNE. Senator Mundt, under the Constitution of the United States and all of its amendments including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

Senator MUNDT. When you answer it that way, you do so, I am sure, as an attorney and as a man of competence and a man who realizes that by answering the question by stating that you have made out your income taxes accurately, you could not possibly tend to incriminate yourself.

The implications are a little serious when you say you cannot answer the question without fear of self-incrimination, as to whether you have attempted to deceive the Internal Revenue Service. I want to give you every opportunity simply to say, if the facts will so warrant, that in making out your income taxes, you have made them out honestly, accurately and faithfully.

Do you still decline to avail yourself of that opportunity, or do you want to let the record stand that if you were to answer the question honestly about your income taxes, you might incriminate yourself?

(At this point, Senator Curtis left the hearing room.)

Mr. CHAMPAGNE. I decline to answer, Senator Mundt, on the grounds as I have previously stated.

Senator MUNDT. I would like to hear it again. I have kind of forgotten.

Mr. CHAMPAGNE. Well, under the terms of the Constitution of the United States and all of its amendments, including the fifth amendment, I respectfully decline to answer because my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

Senator MUNDT. That refreshes my memory. I understand the answer.

The CHAIRMAN. Are there any other questions?

You will remain under the same subpoena, subject to being recalled. Do you accept that recognizance?

Mr. CHAMPAGNE. Yes, sir.

The CHAIRMAN. You will be given reasonable notice.

The committee will stand in recess until 10 o'clock next Tuesday morning.

(Whereupon at 4:45 p. m., the committee recessed with the following present: Senators McClellan, Kennedy, and Mundt, to reconvene at 10 a. m., Tuesday, July 15, 1958.)

APPENDIX

EXHIBIT No. 13A

APPLICATION FOR CHARTER OF AFFILIATION

—TO THE—

Hotel & Restaurant Employees and Bartenders International Union

Affiliated with the American Federation of Labor
 Trades and Labor Congress of Canada
 528 and 530 Walnut Street, Cincinnati, Ohio, U. S. A.
 GENERAL OFFICE TELEPHONE PARKWAY 6164-6168

#658

Any number of persons employed in hotels, restaurants, or taverns, engaged in the preparation and serving of food or beverages, or in servicing the public or any other persons employed in similar trades, not less than twenty-five (25), who are desirous of forming a union affiliated with the Hotel & Restaurant Employees and Bartenders International Union, may fill out this form and forward it, together with \$50.00 to the office of the International Union, 528 Walnut Street, Cincinnati, Ohio. This sum of money pays for the charter and outfit, which includes a full set of books and press seal. For each applicant in excess of twenty-five, the sum of \$1.00 should be added to the cost of the charter and outfit. Should the application be denied the money will be returned to the remitter.

(CITY AND DATE)

Chicago, Illinois

March 7, 1950

We, the undersigned, in order to effectuate an improvement in our economic and social condition, and to promote our well being and advancement, respectfully petition the Hotel & Restaurant Employees and Bartenders International Union to grant a Certificate of affiliation to us.

Name of Organization Drug Store, Soda Fountain, Luncheonette Employees Union
 Holding Regular Meetings at No. 10 North Wells Street
 In the City of Chicago
 State or Province Illinois

Charter dated 3/8/50.

We hereby pledge ourselves, individually and collectively, to be governed by the Constitution, Rules, and Usages of the Hotel & Restaurant Employees and Bartenders International Union, that are now in force, or that may hereafter be adopted, and we acknowledge its authority and pledge our obedience to the same.

Total Number of Applicants (Twenty-five)

(ADDRESS OF SECRETARY) Daniel Iardino SECRETARY
 10 North Wells Street, Chicago, Ill.
 (ADDRESS OF ORGANIZER) International Vice-Pres. James Blakely ORGANIZER
 10 North Wells Street, Chicago, Illinois

NAMES OF APPLICANTS	OCCUPATION	ADDRESSES OF APPLICANTS
✓ 1. Mabel Bryant	Counter Girl	120 East 43rd Street (5)
✓ 2. Irving Mandell	Counter Man	4715 N. Monticello (37)
✓ 3. John Mathews	Kitchen Helper	5812 Wabash Avenue (32)
✓ 4. Evelyn McCullough	Counter Girl	4317 Michigan Avenue (1)
✓ 5. Emily McCullough	Counter Girl	4317 Michigan Avenue (1)
✓ 6. Dan Iardino		4875 North Magnolia (40)
✓ 7. Wilbur Jamieson	Counter Man	5042 South Park (15)
✓ 8. Ed McCormick	Counter Man	200 West Madison Street (6)
✓ 9. Charles Sacalaski	Grill Man	6430 South Kenwood Avenue (27)
✓ 10. Harry Allison	Counterman	6630 Kimbark (37)
✓ 11. DeForrest Bass	Counter Man	50 South Park (15)
✓ 12. Regina Smith	Counter Girl	4306 Calumet (15)
✓ 13. Lee Kraus	Fountain Dispenser	4403 N. Armitage (35)
✓ 14. Zigmund Lander	200	200 West Madison (2)

(Over)

EXHIBIT No. 15

APPLICATION FOR CHARTER OF AFFILIATION

—TO THE—

Hotel and Restaurant Employers' and Beverage Dispensers' International Alliance

Affiliated with the American Federation of Labor
and Canadian Trade and Labor Congress

528 and 530 Walnut Street, Cincinnati, O., U. S. A.

Any number of Cooks, Dispensers, Waiters, Waitresses, or other persons employed in similar trades, not less than ten, who are desirous of forming a Union affiliated with the Hotel and Restaurant Employers' and Beverage Dispensers' International Alliance, must fill up this form and forward it, together with \$25.00 to this office as above for approval. This sum of money pays for the charter and outfit, which includes a full set of books and press seal. For each applicant in excess of ten, the sum of \$1.00 should be added to the cost of the charter and outfit. Should the application be denied, the money will be returned to the remitter.

(CITY AND DATE) CINCINNATI, ILL.

AUGUST 18TH

1935

We, the undersigned **BARTENDERS** believing it to be well calculated to improve our intellectual and social condition, and promote our industrial well-being and advancement, respectfully petition the Hotel and Restaurant Employers' and Beverage Dispensers' International Alliance to grant a Certificate of Affiliation to us as representatives of

Name of Organization: **BARTENDERS' UNION**
Holding Regular Meetings at No. **6029½ W. ROOSEVELT RD.**
In the City of: **CINCINNATI**
State or Province: **ILLINOIS**

We hereby pledge ourselves, individually and collectively, to be governed by the Constitution, Rules, and Usages of the International Organization, with the reserved right to preserve the autonomy or self-government of our own organization, subject to such rules and regulations as may be made, or are now established in the International Organization as above named.

Total Number of Members in Union

12

JOSEPH AIUPPA

SECRETARY.

(ADDRESS OF SECRETARY)

1003 S. Austin Blvd.

Geo. B. McLane

ORGANIZER.

(ADDRESS OF ORGANIZER)

166 W. Washington St., Chicago, Ill.

NAMES OF APPLICANTS

ADDRESSES OF APPLICANTS

1. *Joseph A. Miller*
2. *Joseph A. Miller*
3. *Joseph A. Miller*
4. *Joseph A. Miller*
5. *Joseph A. Miller*
6. *Joseph A. Miller*
7. *Joseph A. Miller*
8. *Joseph A. Miller*
9. *Joseph A. Miller*
10. *Joseph A. Miller*
11. *Joseph A. Miller*
12. *Joseph A. Miller*

1. *3550 7th Ave*
2. *1743 W. Ogden Ave*
3. *419 10th Ave*
4. *1135 - 1st St*
5. *181 10th Ave*
6. *1931 West Monroe St*
7. *1221 1st St*
8. *1015 1st St*
9. *2130 So 5th Ave*
10. *1015 1st St*
11. *1015 1st St*
12. *1015 1st St*

12 is not a limitation after Aug 12 1935

EXHIBIT No. 16

No. 546

BAR-DON CORPORATION

HOWARD JOHNSON'S RESTAURANT

CALDWELL AT TOWN AVENUE

2341

1952

JUNE 11

CHICAGO, ILL.

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

2341

PAY TO THE
ORDER OF

Abraham J. Leitelbaum

\$2240.00

Twenty Two Thousand Four Hundred and No/100

DOLLARS

TO THE NORTH SHORE NATIONAL BANK
OF CHICAGO
1277 HOWARD STREET
CHICAGO, ILLINOIS

BAR-DON CORPORATION

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

DOLLARS

In payment of
 40 initiation fees @ 20 =
 = 800 + 1 Year dues 1440 =
 = 2240 =

Abraham Leitelbaum

B. & W. MISC. UNION No. 450
 2137 SOUTH CICERO AVE.
 CICERO 50, ILLINOIS
 WM. H. KERR, SEC. & TREAS.

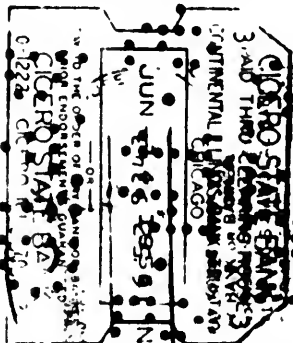


EXHIBIT No. 18

61-473
631

THE CORAL GABLES FIRST NATIONAL BANK

MAR 25 1968

CORAL GABLES, FLORIDA

*** GERARD R. RUDD ***

NO. 156853

\$ 500.00

DOLLARS

CASHIER'S CHECK

LEO SIGNATURE

PAID TO THE ORDER OF

MAR 25 1968

7

8561 52 1111

Pay to the order of —
 S. Portsky as full
 settlement for —
 damages re: Louis
 Romano.
 Gerard R. Rudd
 Sidney Portsky



EXHIBIT No. 18A

APPLICATION FOR EXCHANGE

PLEASE INDICATE BY
CHECK MARK WHAT IS WANTED

- ☐ Bank Money Order
☒ Cashier's Check
☐ Draft on New York
☐ Draft on _____
☐ Certificate of Deposit
☐ _____

Mar. 25 1958

Rockelle R. Camant

SIGNATURE OF PURCHASER

ADDRESS _____

PAYABLE TO	CUSTOMER WILL PLEASE LEAVE THIS COLUMN BLANK	AMOUNT
Gerard R. Pucci	157 85	500 00

THE CORAL GABLES FIRST NATIONAL BANK

CORAL GABLES, FLORIDA

EXCHANGE

35

EXHIBIT No. 19

May 1, 1952



Mr. A. Teitelbaum
20 E. Jackson
Chicago, Illinois

Dear Mr. Teitelbaum:

I am enclosing receipts for payments made to the Waitresses and Cooks Unions, totaling \$587.00, in accordance with our conversation. I would appreciate a check as soon as possible.

Very truly yours,

George E. Marienthal

GEM:mk

BOSTON PUBLIC LIBRARY



3 9999 06352 025 6

